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PRESERVATION OF RATE OF PAY IN CASES OF REDUCTION IN GRADE

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HEARING

BEFORE THE

COMMITTEE ON

POST OFFICE AND CIVIL SERVICE

HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH CONGRESS

SECOND SESSION

ON

H. R. 1168

A BILL TO CLARIFY THE APPLICATION OF SECTION 507 OF
THE CLASSIFICATION ACT OF 1949 WITH RESPECT TO THE
PRESERVATION OF THE RATES OF BASIC COMPENSATION
OF CERTAIN OFFICERS OR EMPLOYEES IN CASES
INVOLVING DOWNGRADING ACTIONS

JULY 10 AND 15, 1958

Printed for the use of the Committee on Post Office and Civil Service



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PRESERVATION OF RATE OF PAY IN CASES OF REDUCTION IN GRADE

THURSDAY, JULY 10, 1958

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D. C.

The subcommittee met, pursuant to call, at 10 a. m., in room 215, Old House Office Building, Hon. Kathryn E. Granahan presiding.

MRS. GRANAHAN. The committee will come to order, please.

This subcommittee was appointed to consider H. R. 1168, a bill to clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions. Because of the importance of this legislation, in the absence of our colleague, Mr. Robeson, who was designated chairman, I have been asked to act as chairman in his place. The other members of the subcommittee are Mr. Scott, Mr. Cretella, and Mr. Johansen.

The purpose of this legislation is to prevent inequities in the cases of Federal employees whose positions are reduced in grade through no fault of their own. Under our system of classifying and paying Federal employees the classification—that is, the grade and salary—of each position is subject to review by the Civil Service Commission as well as the agency concerned. Such review at times results in the reduction of the position to a lower grade and salary which, in effect, is a determination that the existing grade and salary are higher than justified by the level of duties and responsibilities involved. This is in accordance with the fundamental principle of equal pay for equal work and appropriate differences in pay for different levels of duty and responsibility.

When such a reclassification occurs, however, there is a strong adverse effect on the employee involved. Notwithstanding the fact that the employee's performance has been eminently satisfactory and the fact that he will continue after the reclassification to perform the same duties, nevertheless he must suffer a reduction in salary under the reclassification. This is an extremely inequitable, though unintentional, result of the present classification statute, except to the extent that Congress grants relief. Such an employee is doing all that has been required of him and naturally has adjusted his manner of living in accordance with the salary he has been entitled to expect. Suddenly this salary is struck down and another, lower one, substituted. Needless to say, this creates real hardship on the employee and his family. He no longer can meet his obligations. Nor can it be expected that an individual treated in this manner will feel that his efforts for his

employer are appreciated—with consequent destructive effect on employee morale.

A step in the right direction was taken with the approval of Public Law 594, 84th Congress. This law for the first time gave general recognition to the overruling equities in the case of a Federal employee whose position is reduced in grade through no fault of his own, by providing that the salary of such an employee before the reduction in grade shall be continued under certain circumstances. However, Public Law 594, representing a special exception from the strict principles previously adopted for classifying and paying Federal positions, has been the subject of very restrictive decisions by the Comptroller General which have considerably narrowed its application and its benefits. There remain many instances of inequitable salary losses from reclassification actions.

The bill before the subcommittee this morning will clarify and extend the principles embodied in Public Law 594 so as to provide an adequate measure of protection against salary losses for employees whose positions are reduced in grade through no fault of their own. The committee has received a favorable report from the Civil Service Commission on this bill, with one minor suggested amendment.

Without objection, H. R. 1168, the favorable report of the Civil Service Commission, and a letter from the Librarian of Congress will be placed in the record following this opening statement.

(The documents referred to follow:)

[H. R. 1168, 85th Cong., 1st sess.]

A BILL To clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 507 of the Classification Act of 1949, as amended (70 Stat. 291; Public Law 594, Eighty-fourth Congress), is amended to read as follows:

“SEC. 507. (a) Subject to the limitations contained in subsection (c) of this section, each officer or employee subject to this Act—

“(1) who at any time after June 17, 1956, is or was reduced in grade from any grade of a basic compensation schedule of this Act (other than grade 16, 17, or 18 of the General Schedule);

“(2) who, on the effective date of such reduction in grade, holds or held a career or career-conditional appointment in the competitive civil service or an appointment of equivalent tenure in the excepted service;

“(3) whose reduction in grade is not or was not caused by a demotion for personal cause, is not or was not at his own request, and is not or was not effected in a reduction in force due to lack of funds or curtailment of work;

“(4) who, for two continuous years immediately prior to such reduction in grade, served (A) in the same department and (B) in the same grade or in the same and higher grades; and

“(5) whose performance of work at all times during such period of two years is or was satisfactory or better than satisfactory,

shall be entitled, as of the effective date of such reduction in grade or as of the first day of the first pay period which begins after the date of enactment of this amendment, whichever is later, unless or until he is entitled to receive basic compensation at a higher rate by reason of the operation of this Act, to receive the rate of basic compensation to which he was entitled immediately prior to such reduction in grade so long as he continues in the same department without any break in service of one workday or more and is not demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work.

"(b) Subject to the limitation contained in subsection (c) of this section, each officer or employee subject to this Act—

"(1) who, during the period beginning July 1, 1954, and ending June 17, 1956, was reduced in grade from any grade of a basic compensation schedule of this Act (other than grade 16, 17, or 18 of the General Schedule);

"(2) whose reduction in grade was not caused by a demotion for personal cause, was not at his own request, and was not effected in a reduction in force due to lack of funds or curtailment of work;

"(3) who, for two continuous years immediately prior to such reduction in grade, served (A) in the same department and (B) in the same grade or in the same and higher grades;

"(4) whose performance of work at all times during such period of two years was satisfactory or better than satisfactory; and

"(5) whose employment in the same department has been continuous since such reduction in grade and who, since such reduction in grade, has not been demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work,

shall be entitled, as of the first day of the first pay period which begins after the date of enactment of this amendment, unless or until he is entitled to receive basic compensation at a higher rate by reason of the operation of this Act, to receive the rate of basic compensation to which he was entitled immediately prior to such reduction in grade so long as he continues in the same department without any break in service of one workday or more and is not demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work.

"(c) The rate of basic compensation to which such officer or employee is entitled under subsection (a) or (b) of this section with respect to each reduction in grade to which this section applies shall not exceed the sum of (1) the minimum scheduled rate of the grade to which he is reduced under each such reduction in grade occurring on or after July 1, 1954, and (2) the difference between his rate immediately prior to the first of such reduction in grade occurring on or after July 1, 1954, and the minimum scheduled rate of that grade which is three grades lower than the grade from which he was reduced under the first of such reductions in grade.

"(d) The Civil Service Commission is authorized to issue regulations to carry out the purposes of this section."

SEC. 2. The amendment made by the first section of this Act to section 507 of the Classification Act of 1949, as amended—

(1) shall not be construed to affect (A) the rate of basic compensation determined, at any time prior to the date of enactment of this Act, for any officer or employee under and in accordance with such section 507, as enacted by the Act of June 18, 1956 (70 Stat. 291; Public Law 594, Eighty-fourth Congress), and (B) the right of such officer or employee to receive for any period, under and in accordance with such section 507 as so enacted, the payment of such basic compensation so determined; and

(2) shall not be construed to deprive any officer or employee of any benefit, under and in accordance with such section 507 as so enacted, to which he was entitled prior to the date of enactment of this Act,

except that, in the event of any reduction in grade with respect to such officer or employee which occurs on or after the date of enactment of this Act, such rate of basic compensation, and any benefit to which he may be entitled with respect to such reduction in grade, shall be determined in accordance with such section 507, as amended by the first section of this Act.

SEC. 3. For the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954 (5 U. S. C. 2091-2103), all changes in rates of basic compensation by reason of the operation of section 507 of the Classification Act of 1949, as enacted by the Act of June 18, 1956 (70 Stat. 291; Public Law 594, Eighty-fourth Congress), or as amended by the first section of this Act, whichever is applicable, shall be held and considered to be effective as of the first day of the first pay period following the pay period in which the payroll change is approved with respect to such individual.

AUGUST 14, 1957.

HON. TOM MURRAY,
*Chairman, Post Office and Civil Service Committee,
House of Representatives, Washington, D. C.*

DEAR MR. MURRAY: This is in response to the committee's request of January 24, 1957, for our comments on H. R. 1168, a bill to clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions.

H. R. 1168 covers career, career-conditional, and excepted employees with equivalent tenure who have served satisfactorily for 2 years in the same department and in the same, or in the same and higher, grades under the Classification Act of 1949, as amended. It provides that if any such employee is reduced in grade after June 17, 1956, pay shall be preserved for him unless the reduction (1) was for personal cause, (2) was requested by the employee, or (3) was in a reduction in force due to lack of funds or curtailment of work. Employees reduced from grades GS-16, GS-17, or GS-18 are excluded from the benefits of the bill.

An employee whose pay is saved would continue to receive the rate of basic compensation to which he was entitled immediately prior to the reduction in grade, unless the reduction was more than three grades. In the latter case, he would be entitled to pay equal to the minimum of his new grade plus the difference between his former basic compensation and the minimum of the grade which is three grades lower than that from which he was reduced.

An employee whose pay is saved would continue to receive it until he either leaves the department; has a break in service of 1 workday; is demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work; or until he is entitled to receive basic compensation at a higher rate by reason of the operation of the Classification Act.

The bill further provides that employees who were reduced in grade for the same reasons between July 1, 1954, and June 17, 1956, and who were not reduced for other reasons thereafter, are entitled to the same pay saving, beginning after the first pay period after enactment. Employees whose pay is saved under the current provision of section 507, which does not have the three-grade restriction and has statutory increases added to the saved pay, would not be affected by enactment of the bill.

The bill clarifies and extends the pay-retention principles enacted under Public Law 594. The Commission favors its enactment if it is modified to establish the principle that the period of salary retention shall be temporary and limited to a fixed period of not more than 2 years.

Significant improvements would result from enactment. Because of the language of Public Law 594, as interpreted in several decisions of the Comptroller General, it has applied only to employees reduced in grade in a position without a material change in duties or responsibilities during the 2 years prior to reclassification. Other employees having substantially equal claims in equity for protection were not protected. Broadening eligibility to those serving in the same grade, or the same and higher grades, as contrasted to only those occupying the same position, has the effect of eliminating distinctions having no fair or valid basis.

The provision in section 507 as it now exists, which entitles employees with preserved compensation to statutory increases, would be eliminated by the proposal. This is an improvement which, while recognizing the need for temporary protection, at the same time would not increase the salaries of employees who already are paid more than the actual levels of their positions warrant.

We believe modification of the bill is necessary to limit the period of retention of pay saving. The objectives of salary retention, we believe, are to cushion the shock of reductions in grade, and to provide time for reassignment to positions warranting the former pay. This should be done in a manner which will avoid permanent misalignment of pay and consistently with a basic premise of the Classification Act of 1949, as amended, which is that "the principle of equal pay for substantially equal work shall be followed." The cost of paying for work not performed should be a consideration, as well as a desire to motivate administrators and employees to seek proper correction through reassignment.

For these reasons, we believe that the period of retention of saved pay should be terminated after a specified period of time. The Commission, therefore, recommends the period of salary retention be limited to a maximum of 2 years from the date of payroll change.

In making this recommendation we have carefully considered two choices: a period of retention graduated according to years of service; or a flat uniform period for all. We believe that the difficulties of establishing a service formula which would make acceptable distinctions in terms of the relative equities of persons with various terms of service militate against a graduated period of retention. Complexities in administration also argue against it.

In consultation with departments and agencies we have learned that, among agencies favoring a flat term of retention, there was agreement that the period should be 1 year or less. We believe that as a maximum, 2 years would be a sufficient period to cushion the shock and explore completely the possibilities for reassignment.

The proposal in the bill to exempt from salary-retention privileges those employees whose reduction in grade was effected in a reduction in force due to lack of funds or curtailment of work requires some additional comment. On May 15, 1957, the Commission issued a redefinition of reduction in force, increasing the area of its application consistently with a recent court decision. The use of reduction-in-force procedures will now be mandatory in reductions in grade caused by lack of work, shortage of funds, reorganization, or exercise of regulatory reassignment or reemployment rights. Our understanding of the intent of the bill is that reductions in grade caused by lack of work or shortage of funds would not be accompanied by salary retention. A reduction in grade effected in a reduction in force caused by reorganization would create eligibility for salary retention. If the intent of the proposal differs from this interpretation, we suggest that a clarifying statement be included in the committee's report.

We are advised that the Bureau of the Budget has no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

HARRIS ELLSWORTH, *Chairman.*

THE LIBRARIAN OF CONGRESS,
Washington, D. C., April 14, 1958.

HON. TOM MURRAY,

*Chairman, Committee on Post Office and Civil Service,
House Office Building, Washington, D. C.*

DEAR MR. MURRAY: There has been brought to my attention H. R. 1168, a bill introduced by Mr. Lesinski on January 3, 1957, and referred to the Committee on Post Office and Civil Service. According to its title, the purpose of H. R. 1168 is to clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions.

I am also informed that Public Law 594 of the 84th Congress, approved June 18, 1956, was enacted for the same general purpose of preserving the basic compensation of Federal employees in downgrading actions. H. R. 1168 is designed to amend Public Law 594 by providing additional coverage of employees affected by its terms. Specifically, it is noted that whereas Public Law 594 was limited in its effect to each Federal officer or employee "who holds [a position], on or after the date of enactment of this section, under a career-conditional or career appointment in the competitive civil service," H. R. 1168 would extend the coverage to an officer or employee who holds "an appointment of equivalent tenure in the excepted service."

Insofar as the Library of Congress is concerned, Public Law 594 does not operate to prevent loss of compensation to Library employees whose classification grades are downgraded under the provisions of the Classification Act of 1949. Although the Classification Act is applicable to Library of Congress employees, and Library personnel are graded for salary purposes according to its terms, the staff as a whole is appointed by the Librarian of Congress under the authority of title 2, United States Code, section 140, and is not a part of the competitive civil service.

Similarly, it is doubtful if the extended coverage which would be provided through the enactment of H. R. 1168 to employees holding appointments in the "excepted service" would encompass the staff of the Library. It is our understanding that the term "excepted service" applies generally to certain classes of employees in the executive branch of the Government. The Library of Congress as an agency in the legislative branch might therefore be excluded from

the terms of the bill. If this analysis is correct, I strongly urge that appropriate language be included in H. R. 1168 to cover the Library of Congress and thus confer its proposed relief upon the staff of the Library.

In the event that action to enact H. R. 1168 is not contemplated in the immediate future, I would urge that Public Law 594 be amended by adding the phrase "or as a member of the staff of the Library of Congress" after the word "competitive civil service," appearing in the second and third lines of subsection (1) of section 507 (a). This would operate to bring the staff of the Library of Congress under the benefits of Public Law 594. If in your opinion there is a more suitable way to accomplish this purpose, I request that you initiate such action.

I shall indeed be grateful if you and your committee would give consideration to these matters since I firmly believe that an inequity exists and one may exist under the terms of the new bill as between the employees of the Library of Congress and those of the executive branch of the Government.

Sincerely yours,

L. QUINCY MUMFORD,
Librarian of Congress.

Mrs. GRANAHAH. We have with us this morning our colleague, Representative John Lesinski, the author of H. R. 1168, as well as the sponsor of the bill that became Public Law 594. We will be glad to hear from Mr. Lesinski at this time.

STATEMENT OF HON. JOHN LESINSKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. LESINSKI. Thank you, Madam Chairman.

Madam Chairman and members of the subcommittee, I appreciate the opportunity to appear in support of this urgently needed legislation. I should like particularly to commend the chairman and the members for their prompt action in scheduling hearings because I believe that this is one of the most important measures to strengthen the civil service through improved employee morale that we will consider in the present Congress.

The chairman has very well expressed the desirable objectives of this legislation which I introduced. I will devote my statement to further discussion along those lines and to explanation of the reasons for my sponsorship of this legislation and its general effect.

This bill clarifies and extends pay-retention principles enacted by the Congress in Public Law 594, 84th Congress, based on a bill which I also sponsored. There is general agreement that marked improvements will result from enactment of H. R. 1168. I might observe, at this point, that immediately after Public Law 594 was approved the Civil Service Commission prepared draft regulations to implement its policy which were entirely in accordance with the full intent of the bill. Had those regulations been approved, ample protection would have been afforded all Government employees who are subjected to downgradings.

However, the Comptroller General raised a number of questions relative to the Commission's then proposed regulations and, as a result, the regulations had to be revised. The final regulations, as well as a number of subsequent Comptroller General rulings, very narrowly restricted the coverage of Public Law 594. The key point was an interpretation that this law applies only to employees in positions which are reduced in grade without any material change in duties during the 2 years prior to the reclassification downward. Many

other employees having substantially equal claims in equity for protection were not protected as a result of that decision.

H. R. 1168, therefore, will spell out in detail the intent we originally had in mind for Public Law 594, so that there can be no further misunderstanding or restrictive interpretation that does not carry out the legislative purpose.

The bill extends salary protection to individuals serving in the same grade, or in the same and higher grades, as those whose positions are directly concerned in a salary savings procedure due to reclassification downward of their positions. This is in contrast to the interpretation of the present law which limits its application to only those employees occupying the same position. Such broadening will eliminate existing distinctions between employees and groups of employees where there is no fair or valid basis for such distinctions.

The bill preserves the rights of all employees who have received the benefits of Public Law 594 as it presently stands. Further, the benefits of H. R. 1168 are extended to employees who were reduced in grade (for reasons within the purview of the bill) between July 1, 1954, and June 17, 1956, the effective date and the date of enactment, respectively, of Public Law 594. This provision ensures uniformity of operation of the new bill with respect to all employees who on or after July 1, 1954, have incurred salary reductions through reclassification and who have not received the benefits of Public Law 594.

In recognition of the desirability of adhering as closely as possible to the regularly established pay schedules, this bill does not contain a provision of Public Law 594 which guarantees that any future statutory salary increase will be added on to a salary which is saved by this bill although higher than the appropriate rate for the position involved. This does not alter the necessary provision for a reasonable period of salary protection after downgrading. The bill establishes such reasonable period as the 2 years following the downgrading action which is believed adequate to cushion the shock of most, if not all, reductions in grade and to provide time for reassignment to positions which will restore the downgraded employees' former earning capacity. This provision will avoid permanent misalignment of salaries which tend to distort the basic principle of the Classification Act of 1949 that there should be equal pay for substantially equal work. It also recognizes that the cost to the Government of paying for work not performed is a consideration as well as employee protection. Moreover, it should serve to motivate administrators and employees to seek proper correction in cases of downgrading through reassignments.

It should be noted that my bill contains provisions which in effect protect employees to the extent of reductions of as much as three full grades. An employee whose position is reclassified downward will continue to receive his same salary unless the reduction is more than 3 grades. If the reduction is more than 3 grades, he will receive the salary of his new grade plus the difference between his former rate of compensation and the minimum of the grade which is 3 grades lower than that on which such former compensation is based. This is a reasonable and necessary limitation designed to cover the comparatively few instances in which a reduction of more than 3 grades conceivably might occur.

As provided in Public Law 594, my new bill will continue the salary savings until the employee leaves the department, has a break in service, is demoted for personal cause or at his own request, is assigned a lower-grade position in a reduction in force due to lack of funds or of work, or becomes entitled to a higher pay rate by operation of the Classification Act. The full protection of the bill will apply if an employee is assigned to a lower-grade position in a reduction in force due to a reorganization or the exercise of regulatory reassignment or reemployment rights.

Again, may I express my appreciation for the subcommittee's scheduling action on this bill and for the courtesy and consideration extended to me personally.

I would like to state at this time that under the bill originally introduced, which became Public Law 594, in many instances there was indiscriminate action by officials of the departments in hiring people in a specific grade and rate of pay and then, without any warning at all, lowering their grades and, consequently, their salaries.

As we all know, all of us live within a limitation of our pay, regardless of what it is. A person hired at a particular pay rate establishes his life, buys a home and perhaps a car, and maintains his family accordingly. That the rug should be pulled out from under him suddenly by being dropped 2 or 3 grades and suffering a pay cut seems inappropriate and improper.

The original bill was introduced for the specific purpose of making the departments and the Civil Service Commission act properly and promptly. If the grades are wrong they should be changed, but they should be changed now and not after the man is hired. This bill simply strengthens the original bill, now Public Law 594, and spells out definitely a further expression of what Congress intended in Public Law 594.

I therefore strongly urge the subcommittee to report this bill favorably as the first major step toward its final approval in the 85th Congress.

Thank you, Madam Chairman.

MRS. GRANHAM. Are there any questions?

MR. CRETILLA. What happens in this case which I have run into? A man asks for reclassification thinking he is improperly classified, and after an investigation is made, while the man is seeking higher classification, it is discovered he is improperly classified and should have been in a grade or two lower. The man then is downgraded. What happens to that individual under your bill?

MR. LESINSKI. I explained that if he asked for an upward reclassification, he could be downgraded. On the other hand, of course, he has a right of appeal there. He was hired at, say, grade 12, and he is downgraded to, say grade 10. If the job is the same job as he had originally in grade 12, if there is no material change in his job, he has the right under Public Law 594 to be kept at the pay level of grade 12. This bill also would protect him.

MR. CRETILLA. He was classified under the Classification Act and was put in grade 11. He should have been in grade 12, he felt. A couple of investigators were sent around who made inquiry as to his duties and responsibilities, and they concluded he should not have

been even at level 11 but should be at level 10. What would you do in a case like that?

Mr. LESINSKI. Mr. Cretella, I would have to know the details of the case to give a complete answer. I would say offhand, however, without knowing the circumstances, that the individual evidently saw others doing work in grade 12 similar to his work, and therefore he felt that he was not properly classified. But in view of the fact that he requested reclassification they review his job and reduced his grade. That has happened and I have cases of that type in my file. I would like to know the details of the case first before I said anything further.

This bill was drafted for the specific purpose of avoiding the impact on the employee of just such an action.

Mr. JOHANSEN. I would like to ask 2 or 3 questions. We are on ground which is unfamiliar to me, and I would like to get a clear picture in my mind.

Do I understand that both under existing law and under your proposed bill any person who has been in a position for less than 2 years and the position is downgraded is afforded no protection now or under your bill?

Mr. LESINSKI. If he was in the position for 2 years?

Mr. JOHANSEN. Less than 2 years.

Mr. LESINSKI. No.

Mr. JOHANSEN. In other words, this protection such as now exists and such as you propose would apply only to a person who had been in that grade for 2 years or more?

Mr. LESINSKI. As the bill states now it is 2 years, which is all right and fair enough. The thing is, when you are in a position more than, let us say, 2 years—

Mr. JOHANSEN. The protection of your bill would apply.

Mr. LESINSKI. Right.

Mr. JOHANSEN. My understanding is that at present it is at least the intent of the law that if a person has been in a position for 2 years or more and his position is downgraded, so long as he remains in that position he permanently retains his higher grade and salary.

Mr. LESINSKI. Right.

Mr. JOHANSEN. Is it the effect of your bill that that would not be permanent but would be for a limited period of time?

Mr. LESINSKI. It is not permanent to this extent: If through increases in salary and other changes that grade should come to the salary level which he is receiving, he will not be cut in salary or raised but will follow that same general category. Suppose he was getting \$5,500 a year and he was in level 7, let us say. I am taking this out of the air so my figures may not be accurate. Say he was demoted from 7 to 6, which is \$5,000. Then there was a 10 percent increase. He would be receiving \$5,500 pay with the 10 percent increase. So he automatically would be getting the same pay, which would be \$5,500 right along.

Mr. JOHANSEN. But the 10 percent would not apply to the \$5,500?

Mr. LESINSKI. It would apply to the \$5,000.

Mr. JOHANSEN. So he still would be getting \$5,500.

Mr. LESINSKI. Right.

Mr. JOHANSEN. He would not be getting a \$550 increase on the \$5,500.

Mr. LESINSKI. No.

Mr. JOHANSEN. That is understandable. I understand either in your bill or in a proposed amendment—I think the latter, proposed by the Civil Service Commission—that this privilege of retaining the higher salary, which is now indefinite, would be limited to a stated period of 2 years. I believe that is the recommendation of the Chairman of the Civil Service Commission.

Mr. LESINSKI. I glanced at the letter, and I have not digested it completely, so I would be remiss in trying to comment on that because I could be wrong. It that is the interpretation the gentleman has, undoubtedly it is right. I have not read the letter, I am sorry.

Mr. JOHANSEN. I quote from the letter:

The objectives of salary retention, we believe, are to cushion the shock of reductions in grade, and to provide time for reassignment to positions warranting the former pay. * * * For these reasons, we believe that the period of retention of saved pay should be terminated after a specified period of time. The Commission, therefore recommends the period of salary retention should be limited to a maximum of 2 years from the date of payroll change.

My question is, Does the gentleman accept that proposed amendment?

Mr. LESINSKI. I would be careful about that amendment for a very definite reason. You would have to watch for the 2-year limitation because the specific intent of the bill is not to cut a person's salary. In the example I gave, if the increase in pay were sure in 2 years' time, I would say yes. But that is something you and I cannot guarantee. Therefore, I think it should be extended further than 2 years or the limitations should be cut out entirely.

Mr. JOHANSEN. In the next question, Mr. Lesinski, I am betraying my lack of understanding and it is not in any way critical. I do not have clearly fixed in my mind what would be different with the enactment of your bill than exists now.

Mr. LESINSKI. The procedures set up were not equal all the way down the line. This simply equalizes the procedures all the way down the line under Public Law 594.

Mr. JOHANSEN. What were the rulings of the Comptroller General which your bill is designed to correct? I am not clear in my own mind as to that.

Mr. LESINSKI. I do not have his ruling here, Mr. Johansen, I am sorry. The Civil Service Commission prepared proposed regulations specifically following what I regard as the intent of Congress in Public Law 594. The Comptroller General overruled the Civil Service Commission and, therefore, the purpose of Public Law 594 is not carried out completely.

All my bill does is to overcome the restrictive effect of the Comptroller General's rulings and implement in full Public Law 594 as the Civil Service Commission originally understood what Congress intended it to do. I have to generalize it that way without making specific instances. I do not have those before me right now.

Mr. JOHANSEN. Possibly in later testimony it may be clarified.

Mr. LESINSKI. If need be, if the gentleman wishes me to, I can come back and give all the details step by step as to what happened.

Mr. JOHANSEN. I do not wish to burden the record with a lot of details, but I was trying to fix it in my own mind. Again, this is a re-

flection on the gentleman from the Third District and not the gentleman who is testifying.

Mr. LESINSKI. I sincerely respect the gentleman from the Third District; and as the Representative from the Sixteenth District of Michigan, I must say honestly perhaps I should have taken more time and brought that to the committee this morning.

Mr. JOHANSEN. All I am trying to do is to find out precisely the situation the Comptroller General created to which we are addressing ourselves. If that can be clarified in the record, I think it would help.

Mr. LESINSKI. That information should be provided.

Mrs. GRANAHAN. Are there further questions?

Mr. LESINSKI. Thank you, Madam Chairman, for this opportunity. If there are any further questions, I shall be glad to provide the answers for the record.

Mrs. GRANAHAN. Mr. Thomas G. Walters, operations director of the Government Employees' Council of the AFL-CIO, accompanied by Mr. James A. Campbell, president, the American Federation of Government Employees, AFL, and Mr. William H. Ryan, president, district No. 44, International Association of Machinists, AFL-CIO.

STATEMENT OF THOMAS G. WALTERS, OPERATIONS DIRECTOR, GOVERNMENT EMPLOYEES' COUNCIL, AFL-CIO; ACCOMPANIED BY JAMES A. CAMPBELL, PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO; AND WILLIAM H. RYAN, PRESIDENT, DISTRICT NO. 44, INTERNATIONAL ASSOCIATION OF MACHINISTS, AFL-CIO

Mr. WALTERS. Thank you, Madam Chairman.

Madam Chairman and members of this subcommittee, by way of introduction, my name is Thomas G. Walters, operations director of the Government Employees' Council, Washington, D. C.

The Government Employees' Council is made up of 23 national and international unions whose membership, in whole or in part, are civil-service employees. The total Federal and postal employee membership of the Government Employees' Council is more than 600,000.

Madam Chairman and members of the subcommittee, Brothers James A. Campbell, president American Federation of Government Employees, W. H. Ryan, President, District No. 44, International Association of Machinists, and I are jointly appearing at this hearing on behalf of the Government Employees' Council. This procedure is being followed in order to expedite these hearings. I assure you that at all times the Government Employees' Council is delighted to cooperate with members of congressional committees in an effort to expediate hearings and at the same time save the valuable time of the Members of Congress. Brothers Campbell and Ryan may desire to file an additional statement and to make a few oral comments, and each of us is available to attempt to answer any question that you, or the members of this subcommittee may desire to ask on the intent and ramifications of the provisions of H. R. 1168.

In endorsing the intent of H. R. 1168 we would strongly recommend that the bill be amended to preserve the entitlement of all employees whose salaries are now protected by "saving clause" and especially as

it has to do with granting employees future pay increases. Congress very definitely established this policy in the recent salary-increase legislation that is now law.

We desire to further amend H. R. 1168, to include wage-board employees. We can see no justification for protecting one group of employees whose positions are downgraded and leave out a large group of employees who in many instances, and at many installations, would be working side by side. So most sincerely and earnestly we ask that H. R. 1168 be amended to include wage-board employees.

We have had an opportunity to read a copy of a letter, dated August 14, 1957, addressed to Hon. Tom Murray, and signed by Hon. Harris Ellsworth, Chairman, United States Civil Service Commission. In this letter they approve the intent of H. R. 1168, with certain amendments and modifications. One of the recommendations wherein they recommend that section 507 be amended to make it possible to limit the period of retention of pay savings. The Commission's letter recommends that the period of retention of saved pay should be terminated after a maximum period of 2 years from the date of payroll change. We strongly and most vigorously oppose this portion of Chairman Ellsworth's recommendation. Our objections refer specifically to the last three paragraphs of Mr. Ellsworth's letter on page 2, and the first paragraph on page 3.

We trust that this committee will unanimously adopt our recommendations and will unanimously approve H. R. 1168, as amended, and we assure each member of this subcommittee and each Member of Congress, we will do our best to assist in the passage of this much needed and deserved legislation.

We appreciate the opportunity of appearing before this subcommittee and with your permission Brothers Campbell and Ryan would like to make some brief comments on the provisions of H. R. 1168.

Mrs. GRANAHAN. Thank you, Mr. Walters.

Mr. Campbell?

Mr. CAMPBELL. I want to express my appreciation for the opportunity to be here and testify this morning.

I have just a brief comment or two and I would like, with your permission, to file a statement with the committee at a later time.

Mrs. GRANAHAN. Very well.

(See p. 39 for Mr. Campbell's prepared statement.)

Mr. CAMPBELL. We are especially concerned with this proposal Mr. Walters just mentioned which would limit the time when this saving feature of the bill would be in effect.

We are very much in accord with the objectives of H. R. 1168, particularly because it broadens the coverage and gives a greater degree of protection to a larger number of employees.

Mrs. GRANAHAN. Any questions, Mr. Johansen?

Mr. JOHANSEN. I would like to ask Mr. Walters this one question. In the last sentence of the first page you say:

Congress very definitely established this policy—

which is the policy of preserving the entitlement of all employees.

Mr. WALTERS. Yes, sir.

Mr. JOHANSEN (continuing):

established this policy in the recent salary increase legislation that is now law.

To what legislation do you refer?

Mr. WALTERS. The classification-pay bill passed by this Congress and recently signed into law by the President. It has the protection clause for any future salary increases for those who are caught in a transfer or promotion and who heretofore have been in——

Mr. JOHANSEN. Would you happen to have the wording of that provision?

Mr. WALTERS. Mr. Johnson has a copy, I believe.

Mr. JOHANSEN. I am undecided as to the recommendation of the Chairman of the Civil Service Commission, but it seems to me that if that recommendation is contrary to otherwise expressed policy of Congress, it ought to be explored very thoroughly. Madam Chairman, I certainly would want to have representatives of the Civil Service Commission appear before this subcommittee and testify on that point, either justifying it as not coming within the purview of that blanket policy, or else acknowledging that it does and that it represents a change in that policy.

I am openminded to the arguments for the change, but if it involves such a change let us face up to it.

Mr. WALTERS. Our general position on that, Mr. Johansen, is this: We feel if an employee is entitled to be protected for 2 years, why not protect him for 10 or for 15.

We can see no justification, especially after the Commission has 2 full years within which to find out whether he is in the proper grade, and then after a lapse of 2 years they come along and decide through readjustments, and so on, that this position needs to be downgraded. Then our thinking is that this employee should be protected as long as he works in that job and works for the Federal Government.

Mr. JOHANSEN. Mr. Johnson, have you available the citation of policy to which Mr. Walters refers in the recent salary increase legislation?

Mr. JOHNSON. Madam Chairman and Mr. Johansen, I believe the point at issue has to do with the closing language of section 507 (a) of the Classification Act as amended by Public Law 594. I have handed copies of this to the chairman and Mr. Johansen. It is the paragraph beginning at about the middle of the page, and the provision is that a man within the purview of that law—

shall continue to receive basic compensation at the rate to which he was entitled immediately prior to such reclassification of his position * * * until he leaves such position or he is entitled to receive basic compensation at a higher rate by reason of the operation this Act.

Mr. JOHANSEN. That is in Public Law 594?

Mr. JOHNSON. Yes, sir.

Mr. JOHANSEN. Is that the same as the salary-increase legislation which Mr. Walters is referring to?

Mr. JOHNSON. No, sir. I skipped the parenthetical statement in this language in subsection (a) reading as follows:

Including any increases in such rate of basic compensation provided by law at any time while such officer or employee is in such position.

That language if read literally attempts to legislate in advance that in any future salary-increase legislation this committee and the Congress may not make an independent determination with respect to

whether or not the 10 or 15 percent salary increase should be granted to "savings cases."

That is one of the recommendations that the Commission has approved in H. R. 1168, which omits this parenthetical language.

The language is omitted from H. R. 1168 because the long-time policy of this committee has been that each time it takes up a salary increase bill, at that time it determines to whom the salary increase shall apply.

It so happens that in 1951, in 1955, and again in 1958, in enacting salary increase legislation, this committee specifically considered the savings cases already on the books and decided to grant them the percentage increases on top of their saved salaries. But these were independent determinations and not as a result of this language in Public Law 594.

Mr. JOHANSEN. Would you agree that Mr. Walters' statement—or my interpretation of his statement—is correct, that the amendment proposed by the Chairman of the Civil Service Commission would modify and alter the savings provision in the salary increase legislation?

Mr. JOHNSON. I may not have the exact point in mind. The amendment proposed by the Civil Service Commission does alter the provisions of Public Law 594.

Mr. JOHANSEN. Does it alter and is it your feeling, Mr. Walters, that it does alter, the policy established in recent salary-increase legislation?

Mr. WALTERS. Yes, sir; that is our position.

Mr. JOHANSEN. I think it vastly important that we have the specific language of that salary legislation before us.

I hope, Madam Chairman, it will be agreeable to have someone from the Civil Service Commission come up here to testify on that point.

Whether it is a good thing or a bad thing, whether I should favor it or not, is beside the point. If you are modifying a provision with respect to this savings clause of salary legislation by adopting what the Civil Service Commission recommends we ought to know it and ought to have our eyes open to what we are doing.

Mr. WALTERS. Another angle to this general question has to do with the recent pay bill where the scientific and professional people were granted the full 10 percent by the Congress.

In the Senate version of the bill it was not to specifically grant the full 10 percent to this special category of employees but in conference it was unanimously agreed, as I understand it, to protect those employees and give them the full 10 percent salary increase, so with that and other wording of the present Classification Act I think it is clearly demonstrated that it was the intent of this committee and of the Congress to protect the salaries of groups of employees or individual employees whose salaries had been adjusted for one reason or another prior to enactment of the present Classification Act pay bill.

Mr. JOHANSEN. Would the gentleman agree we ought to go into this matter with representatives of the Civil Service Commission in view of their recommendation?

Mr. WALTERS. I would certainly agree with that; sure.

In fact, I just cannot believe that the Commission would be too much opposed to eliminating that 2-year maximum period, because if you read that letter it strikes me that it is more of a recommendation than it is a direct request to put the 2-year limitation in here.

Mrs. GRANAHAH. Mr. Ryan, have you a statement?

Mr. RYAN. I appreciate very much the opportunity of appearing before your committee this morning in support of this bill H. R. 1168 as we request it would be amended.

I would like to call to the attention of the committee the fact that the salary-protection feature is one which has been accepted by this committee on various occasions, and most recently in the report No. 1869 on S. 1050 and also accepted by the Senate committee on report No. 774 on the same bill.

There is one other point I would like to direct the committee's attention to, and that is that according to the letter from the Chairman of the Civil Service Commission to the chairman of the full committee here, they desire to exclude those persons who are affected by downgrading caused by reorganization.

In all fairness I cannot see how the Commission can take that position. When a division is reorganized it is not the fault of the employee affected, and what they should do is to preserve the employee's salary which would be otherwise downgraded because of reorganization, and to make every effort to find another job with comparable responsibilities and put him into it.

If you do not protect the salary of that individual affected in that manner, then I am afraid that too many agencies will just forget about this fellow and he will get downgraded. Here you have someone on the payroll of the Federal Government who is dissatisfied and hurt because he has been downgraded through no fault of his own; and, secondly, you are not utilizing that man to the highest degree of his skills.

I therefore think that if we maintain protection for those people who otherwise would be downgraded because of reorganization, then you would force the agency to place them, to find them jobs where they utilize their highest skills. I think that is very important.

Mr. JOHNSON. Madam Chairman, I think perhaps there is a misunderstanding. The bill specifically provides that the protection will not be granted in cases of lack of work or shortage of funds.

The Civil Service Commission has changed their regulations on reductions in force to include reductions due to reorganization or the exercise of regulatory reassignment or reemployment rights.

The Commission itself has recommended, and the bill provides, that reductions due to reorganization or exercise of regulatory reassignment or reemployment rights would be protected in this bill.

The bill, on page 2 in paragraph 3, gives this protection. It covers a man whose reduction in grade is not or was not caused by demotion for personal cause, is not or was not at his own request, and is not or was not affected in a reduction in force due to lack of funds or curtailment of work.

Therefore, the only people not protected in a reduction in force would be those in reductions in force caused by lack of funds or curtailment in work.

A man in a position which was reduced in grade as a result of reorganization or exercise of reassignment and reemployment rights would be protected under this bill. This is spelled out in the bill and in the Commission's letter, sir.

Mr. RYAN. I apparently get a different interpretation of the Commission's letter, then, from the committee counsel.

As I read the letter I got the impression they were calling to the committee's attention that they had to amend their regulations when there was a reorganization involved and force them to use reduction-in-force procedures,

Mr. JOHNSON. I hope my interpretation is correct, Mr. Ryan.

Mr. RYAN. I hope so, too.

Mr. JOHNSON. The next to the last sentence of the letter states:

A reduction in grade effected in a reduction in force caused by reorganization would create eligibility for salary retention.

I find it difficult to conceive of any more direct statement than that.

They have omitted the words "reassignment or reemployment rights" but, as Mr. Lesinski pointed out, that would be included. That is squarely within the ambit of the bill. This is merely a statement we should spell out in the report, since the bill specifies the only two cases in which you would not receive protection, that is, reduction due to lack of funds or curtailment of work.

The Commission wants to spell out in the report the opposite to that—that the employee will be protected in case reduction in force is due to reorganization or exercise of regulatory reassignment rights.

That is very well taken care of in the bill but we will spell it out in the report.

Mr. RYAN. According to the Commission's letter they apparently labor under the impression that if it is not spelled out they would interpret it to exclude those that were caught in a reduction in force or a reduction in grade because of reorganization.

Mr. JOHNSON. They want to make certain and it can be spelled out.

Mr. JOHANSEN. I wonder if any of the three witnesses can throw some light on the question I asked Mr. Lesinski as to precisely what it was that the Comptroller General ruled this bill is designed to correct? I am still foggy on that point.

Mr. WALTERS. Mr. Campbell might be able to throw some light on that.

Mr. CAMPBELL. My understanding of that statement, of that situation, Mr. Johansen, was that the Comptroller General confined this saving to cases where there was a pure reallocation of a job to another grade without any material change in duties.

What we were attempting to accomplish in that legislation was to bring about a broader application, that it would apply where there was some minor change, where there had been some minor change of duties which would not affect the major portion of the job but at the same time it would be excluded because it was not a pure reallocation and there was absolutely no change of duties.

I don't know whether I have made it clear.

Mr. JOHANSEN. That will help some.

Mr. CAMPBELL. It is a very difficult subject to understand. We know that having talked to classification technicians.

Mr. JOHANSEN. Am I correct in this impression: The purpose of all of this legislation is not only to protect the equities and interests of the employees but to provide an incentive to the agency and the Commission to see that these jobs are evaluated promptly within the 2-year period?

Mr. WALTERS. That is right.

Mr. JOHANSEN. And that they are not dilatory and the employee is not merely a victim of the delayed actions of the Commission? Is that a fair statement?

Mr. CAMPBELL. In addition to that I would say that another purpose of this legislation is to cure these situations where a classification technician comes in and he evaluates a job and then announces that this job is grade 9.

Six months later, perhaps a year later, another technician will come in and he evaluates the job. He says it is 7 rather than 9.

Each is applying his own judgment.

Mr. JOHANSEN. It is a subjective standard to some measure, at least.

Mr. CAMPBELL. Yes; and the employee is the victim of this procedure.

There are other cases, and we get many complaints in this respect, where there is a purported change of duties and a downgrading, where the employee makes the complaint that in spite of what was done on paper he is still doing the same identical job.

Mr. JOHANSEN. That is a very legitimate basis of complaint.

Mr. CAMPBELL. The other thing in connection with this proposal for a 2-year limitation is this: What I think would happen if there is a 2-year limitation is that the agency, knowing that that 2-year limitation was there, would simply let the situation rest until the 2 years was up and the employee would revert to the standard status of pay in that grade that he was put in; whereas if there is no limitation the onus is immediately on the agency where this situation occurs to do something to correct it, and it will remain so until they do something to correct it or until the employee leaves that job.

I think that is the healthier situation than to just say "This will last for 2 years and after that everything will be all right."

Mr. JOHANSEN. In other words, from the standpoint of the budget of the Department, having no limitation, your argument is that there is an incentive to do something fairly promptly, which incentive would not exist if the thing washed out automatically after 2 years?

Mr. CAMPBELL. That is true, and the incentive ought to be there.

Mr. RYAN. I would just like to call to your attention again the desirability of the Government Employees' Council to have included within the scope of this legislation the so-called wage-board employees.

We have a situation in that area where the Civil Service Commission does not review the job levels of ungraded employees. They have delegated that authority to the agencies, so you have a situation which was more or less brought out by Mr. Campbell, where a wage-classification analyst in one activity will grade a job at a certain level based upon his individual determination, and yet in another activity the identical job is graded at another level.

If these two classification analysts should transfer from one activity to the other, which occasionally happens, and in the process of reviewing the classification you have these jobs going up and down

all the time, they are keeping the employees in a complete state of turmoil.

I think it is very necessary that this type of protection be extended to the wage-board employees.

Mr. JOHANSEN. I would like to observe in that connection that I think, Madam Chairman, this is another reason for having the representative of the Commission before us. I would like to have his comment on that suggestion.

Mrs. GRANAHAH. Further questions?

(No response.)

Mrs. GRANAHAH. Thank you, gentlemen.

Mr. Vaux Owen, president, National Federation of Federal Employees.

It is nice to have you here, Mr. Owen.

STATEMENT OF VAUX OWEN, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. OWENS. Madam chairman and members of the subcommittee, I am Vaux Owen, president of the National Federation of Federal Employees.

I am appearing in support of the general intent of H. R. 1168, and urge that favorable consideration be given to legislation to broaden and increase the benefit intended by Public Law 594, 84th Congress.

Because of the great number of cases which the existing law does not protect and the feeling of injustice and disappointment occasioned by the lack of protection afforded them, our members have presented resolutions to our national conventions urging legislation to broaden the scope of the application of the law.

These resolutions seek protection against such things as downgrading as a budgetary expediency, reorganization plans apparently devised with reclassification downward as a part of the objective, and downgrading which takes employees by surprise and lowers their pay after assumption of obligations for the support of their families.

There is, for example, the situation which exists when a new position is classified at a grade which attracts an employee with high qualifications who some months later is confronted with the downgrading of his position and a resulting undeserved and unexpected loss in pay.

We think it is fair and just that the law be amended and broadened to afford protection to Federal employees who find themselves enmeshed in such situations. Such employees are without fault themselves. Downgrading is always disturbing and destructive of morale.

The proposed safeguards, such as 2 years in the same department and grade and a work performance which is satisfactory or better, no break of 1 workday or more in service, which are among the conditions which must be met before the employee can receive the protection provided by the law, afford a reasonable basis it would seem for preventing abuses of the protection.

We think the provision in section 3 of H. R. 1168, regarding the amount of the Federal employees' Government life insurance available by reason of the operation of the proposed law, is an appropriate provision.

We urge favorable consideration of legislation along the lines contemplated by H. R. 1168, to extend the protection which is provided

by Public Law 594, 84th Congress, for employees whose positions are downgraded.

I would like to commend the committee for taking up this matter and giving us this opportunity to appear.

I appreciate very much the opportunity to appear and I would like to commend the author of the bill for his effort to cure a situation which certainly needs some attention.

Mrs. GRANAHAH. Thank you, Mr. Owen.

Mr. JOHANSEN. Would you care to make any comment on this recommended 2-year limitation on the saving clause?

Mr. OWEN. I would like to comment that I would be opposed to the 2-year restriction which is contemplated in the Civil Service recommendation on this ground, among others: There should be an attempt made by the supervisor in the administrative agency to reassign the employee if he does not have the level of duties that he is qualified to perform to a higher level job.

If you have a 2-year limitation on it I fear they would go along and not do it, and then at the end of that time the man would be without his salary.

I think not having the 2-year limitation would be an incentive and inducement to make a proper placement of that individual.

I am not unmindful, though, Madam Chairman and Mr. Johansen, of the possibility that a situation might exist where there are no longer opportunities for an administrative officer to reassign the employee. In that case, of course, you would have a problem.

However, I do think if you do not have the 2-year limitation you greatly increase the possibility of people being reassigned.

Mr. JOHANSEN. Are you able to make any general comment as to the extent, including the number of cases, to which the situation of the unavailability of positions for reassignment might exist? Would those be the exception rather than the rule in your judgment?

Mr. OWEN. I would not be able to make a statement on that. I just do not know.

The reason for that is that we are going through a process of scientific and professional advancement. Things are changing so rapidly I would not be able to say.

Mr. JOHANSEN. It would be my observation that if it is the exception certainly the effect of not having the 2-year limitation would seem to be to provide an incentive to correct the situation.

Mr. OWEN. I think it would and that would be my reason for saying we should not have the 2-year limitation.

Mrs. GRANAHAH. Thank you, Mr. Owen.

Has anyone else a statement to present?

If there is nothing further we will adjourn the hearing subject to the call of the Chair.

(Whereupon, at 11:30 a. m. Thursday, July 10, 1958, the hearing was adjourned, subject to the call of the Chair.)

PRESERVATION OF RATE OF PAY IN CASES OF REDUCTION IN GRADE

TUESDAY, JULY 15, 1958

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D. C.

The subcommittee met, pursuant to call, at 10 a. m., in room 215, Old House Office Building, Hon. Kathryn E. Granahan presiding.

Mrs. GRANAHAN. The committee will come to order, please.

The subcommittee is meeting this morning pursuant to agreement to hear representatives of the Civil Service Commission with respect to the Commission's recommendations on H. R. 1168.

We also have invited a representative of the General Accounting Office to be present to answer any questions relating to decisions of that office bearing on downgrading actions.

We have with us Mr. Glenn Stahl, Director, Bureau of Programs and Standards, Civil Service Commission, accompanied by Mr. John Steele and Mr. Robert S. Hare.

It is nice to see you, Mr. Stahl.

STATEMENT OF O. GLENN STAHL, DIRECTOR, BUREAU OF PRO- GRAMS AND STANDARDS, CIVIL SERVICE COMMISSION, ACCOM- PANIED BY JOHN STEELE AND ROBERT S. HARE

Mr. STAHL. Thank you, Madam Chairman.

I want to express both Chairman Ellsworth's and Executive Director Irons' regrets on being unable to be here because they both had an engagement which they were unable to change on short notice. So they asked that I come over to be as helpful as I could to the committee in its consideration of this bill, H. R. 1168.

I have a statement which if you should like for me to go through, I can, perhaps, paraphrase parts of it and brief it down, but I would like to be available more for answering questions.

Mrs. GRANAHAN. Could I have one of those statements, Mr. Stahl, for the members of the committee?

Mr. STAHL. Yes, ma'am; I have copies for members of the committee.

Mrs. GRANAHAN. Without objection, a copy of your statement will be inserted in the record at this point, and you may proceed.

(The statement referred to follows:)

PREPARED STATEMENT OF O. GLENN STAHL, DIRECTOR, BUREAU OF PROGRAMS AND STANDARDS, CIVIL SERVICE COMMISSION

Madam Chairman and members of the subcommittee, I am pleased to have the opportunity to give you our views concerning this proposed legislation. As we stated to the committee in our letter of August 14 of last year, we believe that enactment of H. R. 1168, with one change which we have suggested, will substantially improve salary administration in the Federal service.

This proposed legislation is basically a clarification and extension of Public Law 594, approved on June 18, 1956, which amended the Classification Act and provided for salary retention for some employees whose positions were reclassified downward. We have found this amendment difficult to administer. Because of its limiting language, and interpretation by the Comptroller General, it has been applied to a narrowly defined set of circumstances. Its effects have disappointed its supporters and those who administer it. In addition, it has not benefited other employees having an equal case in equity for like consideration. We believe that enactment of H. R. 1168 will accomplish the original purposes of the sponsors of this legislation, and properly extend salary protection to other employees having equal claim for similar treatment.

When the Commission issued regulations in conformity with the 1956 amendment, the regulations were first cleared with the Office of the Comptroller General. He ruled on July 11, 1956 (B-104080) that the term "reclassification" as used in the law must be defined to provide that salary retention applied only if the position of the employee was downgraded without a material change in duties or responsibilities, that is, it must be considered the same position or "his" position. Our proposed regulations had provided that salary retention could apply with or without a material change in duties.

The Comptroller General stated that our proposed language went beyond the area intended to be covered by the act.

As a consequence, H. R. 1168 was introduced on January 3, 1957, by Representative Lesinski to counteract the effect of the Comptroller's decision cited above, and other related decisions. In addition, the bill would correct certain other inequities in coverage, scope, and time limitations for salary retention which became apparent after the provisions of the 1956 law and the Commission's regulations had been in effect for a considerable period of time, and some experience had been gained in administering the salary retention provisions.

With respect to the reclassification provisions, therefore, the bill would separate classification actions from compensation actions, and would make enforcement of the Classification Act provisions less difficult, with salary savings as a separate compensation device.

Detailed discussion of the various circumstances and individual cases which might be affected by legislation of this type can become very complicated. I would like to attempt to simplify the issues and problems as we see them.

As we see it, the basic purpose of this proposal is twofold: (1) To protect the employee from the immediate shock of financial loss which occurs when he is downgraded, and (2) to give administrative officials sufficient time to properly reassign employees to positions warranting the former pay.

We also believe that it is intended to preserve two basic principles of the Classification Act: Equal pay for substantially equal work, and pay appropriate to work performed, based on the difficulty and responsibility of work assigned. The effects of these two basic principles are diminished for special circumstances by the proposal; but we are convinced that they should not be contradicted or abandoned.

There are several significant differences between the 1956 amendment and H. R. 1168 on which I would like to comment. The difference having greatest impact, which very substantially broadens the application of salary retention, has to do with the difference between position and grade. To be eligible for salary retention under present law, a person must have served in the same position, without material change in duties, for 2 years before downward reclassification. Under the proposal, to be eligible for salary retention a person needs only to have served in the same or higher grade for 2 years before being moved to a lower grade. This is a substantial change, and greatly extends coverage. It has been extremely difficult to establish that a position has not been materially changed during a 2-year period. The proposed change makes this determination unnecessary.

The continuation or duration of the benefits of salary retention would be extended similarly by the bill. Under present law, a person benefiting from salary retention loses it if there is a material change in his position. He must remain in the same position to continue to benefit. Under the proposal this limitation is completely removed; he will continue to benefit, regardless of changes in duties, until he leaves the department or agency.

Because eligibility and duration of benefit have been extended so broadly, we endorse the safeguards which have been included in H. R. 1168 to direct its effects to the basic purposes. For example, downgradings caused by lack of work or lack of funds, occurring in reduction in force, will not create eligibility for benefits. Similarly, for those reduced more than 3 grades, the amount of pay savings will be limited to an amount equal to the money value of the spread of 3 grades. The present provision in the 1956 law which entitles employees with preserved compensation to all future statutory pay increases would be eliminated by the proposal. This is an improvement which, while recognizing the need for temporary protection, at the same time would not increase the salaries of employees who already are paid more than the actual levels of their positions warrant. To provide otherwise would remove the normal pay incentive which employees have to accept more difficult and responsible assignments. Although in recent pay legislation, Congress expressly provided that an employee being paid a saved rate would receive an increase, this has not always been the policy of Congress. The original Classification Act of 1923 and the act of 1949 expressed just the opposite policy which is in accord with H. R. 1168. We believe this is the sounder position.

We believe that the proposed limitations and safeguards relating to eligibility and duration of benefits are appropriate and necessary. They permit accomplishment of the basic purposes of the legislation, while at the same time they give due regard to the principles in the Classification Act to which we previously referred.

For the same general purpose and in awareness of the extended application of salary retention, we have suggested one other limitation—that the duration of the period of salary retention be limited to not more than 2 years. We believe that 2 years is a sufficient period to accomplish the purpose we stated earlier: (1) To cushion the shock of immediate financial loss, and (2) to provide time for reassignment to positions warranting the former pay and thus better placement and utilization of employees. The cost of paying for a level of work which is not performed is an important consideration as well as a motivation to administrators and employees to seek proper correction through reassignment.

Employees benefiting from salary retention will be paid at rates higher than those established for other employees performing similar or identical duties and responsibilities. They will be paid unequally for equal work. We believe that this condition should be only a temporary one, sufficient to accomplish the valid purposes of this legislation.

As we stated in our letter to you of last year, most of those departments and agencies who favored a flat term of duration of benefit, believed that the limitation should be for 1 year or less. We have proposed 2 years as an outside limitation.

We believe that with this change we have suggested, H. R. 1168 should be enacted.

Mr. STAHL. To paraphrase from the introductory comments here, I think everyone is quite well aware that the 1956 amendment under Public Law 594 which amended the Classification Act and provided for salary retention for some employees has as a result of interpretation by the Comptroller General turned out to be rather narrow in application.

Its effect is simply this: That a salary once achieved in a certain grade may be retained only if the individual is reclassified downward without material change in duties. This was the result of a Comptroller General decision which by interpretation of other provisions of the Classification Act forced us to limit the application of that 1956 law in that respect.

Now, the consequence was that H. R. 1168 was introduced by Congressman Lesinski to counteract the effect of this decision and other related decisions, and the bill as it is now drafted would correct certain other inequities in coverage and scope and time limitation for salary retention which became apparent after the 1956 law, and after the Commissioner's regulations in pursuance of it had gone into effect.

As we see it, the basic purpose of this bill is twofold: It is to protect the employee from the immediate shock of financial loss which occurs when he is downgraded, and, second, it is to give administrative officials sufficient time to properly reassign employees to positions warranting the former pay.

We also believe that it is intended to preserve two basic principles of the Classification Act: The idea of equal pay for substantially equal work and the point that the pay should be appropriate to the work performed based upon the difficulty and the responsibility of the work assigned. In effect these two basic principles are diminished, perhaps, by special circumstances by the proposal to retain employees when an individual is working out of grade, but we are convinced that they should not be contradicted or abandoned.

The important thing is the difference between this proposal, H. R. 1168 and the 1956 amendment which now stands on the book.

First of all, and perhaps, most important, is the difference that broadens the application of salary retention. Under the present law in order to be eligible for salary retention a person must have served in the same position—not just the same grade, but the same position—without material change in duties for 2 years, before the reclassification downward took place.

Under the proposal in H. R. 1168 in order to be eligible for salary retention a person needs only to have served in the same or higher grade even if it were not the same position for 2 years, before being moved to a lower grade. This is a substantial change, and greatly extends coverage as a result. It has been extremely difficult to establish that a position has not been materially changed during the 2-year period.

Then, there is the continuation or the duration of benefits of salary retention which would be extended by H. R. 1168. Again, under the present law—the 1956 amendment—a person benefiting from salary retention loses it if there is a material change in his position. In other words, after he has been downgraded and he is in that lower grade position, if there is a material change in that, the salary that he had been holding from his previous higher grade would be lost.

He must remain in the same position, in other words, to continue the benefits, but under the proposal this limitation is removed and he can continue to receive the benefit regardless of change in duties until he leaves his particular department or agency in which the reclassification took place.

Because these eligibility and duration of benefit privileges have been extended so broadly in this proposal, H. R. 1168, the Commission endorses some of the safeguards that have been included in H. R. 1168 in order to direct its effects to the basic purposes.

For example, downgradings caused by lack of work or lack of funds, occurring in reduction in force, will not create eligibility for benefits. Similarly, for those reduced more than 3 grades, the amount

of pay savings will be limited to an amount equal to the money value of the spread of 3 grades.

Mr. CRETELLA. Just what does that mean, Mr. Stahl?

Mr. STAHL. The spread between the entrance salary of the three grades. In other words, if an individual were in, let us say, a GS-9, and his reduction in grade was so drastic by downgrading that he went down to GS-6 or lower, the maximum salary that he could retain on top of what he otherwise would receive in that lower grade would be the difference in salary between the entrance level of GS-9 and three grades below, which would be GS-6.

Mr. CRETELLA. Would it be the full difference, or proportionate difference?

Mr. STAHL. No; they would get that full amount if they had been reduced to grade 6; whereas, if they were reduced to grade 8 or 7 from grade 9, they would continue to hold the salary they had in grade 9, but if they went to a grade 6 or below, the most they could get would be the difference between the entrance rates of grades 9 and 6.

Mrs. GRANAHAN. It would have to be three grades lower in order to have a change in salary?

Mr. STAHL. More than three grades.

Mrs. GRANAHAN. That is what I meant to say.

Mr. LESINSKI. There is a difference beyond that which exists between steps of a grade. Therefore he may have been in step 5 or 6 which might mean another \$600 or \$700; is that right?

Mr. STAHL. It might not be that much, Mr. Lesinski.

Mr. LESINSKI. I am simply saying it might be a considerable amount of difference.

Mr. STAHL. That is right.

Am I correct, John, that the maximum is the difference between the entrance rate of the higher grade that the individual was in and the third grade below that the bill would allow?

Mr. STEELE. It is the difference between the beginning step and the step they may immediately have. The Congressman is right; that is, before the downgrading.

Mr. STAHL. It is the difference between the step he was actually serving in the grade 9, to take my example, and the entrance step of grade 6, which is three grades below.

Mr. LESINSKI. In other words the maximum is the minimum of the grade?

Mr. STAHL. The maximum is the difference.

Mr. LESINSKI. The maximum amount when you get over three grades is the minimum of those grades, because it is the bottom step of that particular grade, and not step 3 or 4 or 5, because every year in so many years you go up.

Mr. STAHL. Yes, sir.

Mr. LESINSKI. Therefore the maximum is the minimum of the three grades?

Mr. STAHL. To put it another way, the only way he would lose money would be if he went down as low as grade 5, if he were in grade 9.

Mr. JOHNSON. Is not this correct, Mr. Stahl: In the event of any reduction in grade of 1, 2, or 3 grades, the employee receives this protection?

Mr. STAHL. That is correct.

Mr. JOHNSON. If the reduction is more than 3 grades—that is, if the reduction is 4 or 5 grades—the protection is limited to the 3-grade difference in salary?

Mr. STAHL. That is right; the difference between the former higher rate and the entrance rate of that third grade below.

Mr. JOHNSON. Of the third grade below?

Mr. STAHL. Yes, sir; that is right. He would still get something, but he would not get——

Mr. JOHNSON. I have one further question.

Is it not correct that rarely is there a reduction in grade within the purview of this bill of more than three grades?

Mr. STAHL. Very rarely.

Mr. JOHNSON. It is an exception?

Mr. STAHL. Very rare, indeed.

Mr. JOHNSON. Thank you.

Mr. STAHL. I do not have any figures on it, but this would be really most unusual.

Mr. JOHNSON. The substantial effect of the provision is to guarantee full salary protection for the vast majority of downgrading actions?

Mr. STAHL. Yes, sir.

Mr. JOHNSON. Is it not further correct that reductions in grade are not occurring with anywhere nearly the same frequency at present as they did a few years ago?

Mr. STAHL. I am sure that is true. Of course, they occur more frequently when there are periods of general cutback.

Mr. JOHNSON. Thank you, Madam Chairman.

Mr. STAHL. The present provision in the 1956 law which entitles employees with preserved compensation or saved pay to all future statutory pay increases would be eliminated by the proposal.

This is an improvement which, while recognizing the need for temporary protection, the Commission believes at the same time would not increase the salaries of employees who already are paid more than the actual levels which their positions warrant.

Mr. JOHANSEN. Would you state that first sentence again?

Mr. STAHL. Yes, sir.

This sentence may be a little awkward as it appears here, but let me try to state it again:

In the 1956 law, an individual whose pay has been saved or preserved or retained as a result of downgrading is entitled to any future statutory pay increases, whereas H. R. 1168 would eliminate this entitlement.

We think this is an improvement for this reason: That while bearing in mind now the two objectives of temporary protection to the individual to prevent and cushion the shock, as it were, and to provide the agency an opportunity to find reassignment where the man's grade can be justified that we are not justified in adding to an already overpaid employee salary increases on top of his saved rate.

Mr. JOHANSEN. But do I understand that, while the increases are not applicable to the saved rate, they would be applicable to the rate of the grade to which he was reduced?

Mr. STAHL. Certainly.

Mr. JOHANSEN. Which conceivably might bring him up?

Mr. STAHL. Yes, sir; that is right, exactly.

Mr. JOHANSEN. To the saved rate?

Mr. STAHL. In other words, he might eventually catch up, or he might catch up with one salary just because the rate of the lower grade catches up with this saved rate. That is exactly it. We feel that to provide otherwise would remove the normal pay incentive which employees have to accept more difficult and responsible assignments.

Although in recent pay legislation, Congress expressly provided that an employee being paid a saved rate would receive an increase, this is not always in the policy of Congress.

Mr. JOHANSEN. Was that provision in the recent pay-legislation blanket, or was it with regard to specific categories of jobs?

Mr. STAHL. I think it was blanket.

Mr. STEELE. It was general. It pretty well covered all saved rates.

Mr. STAHL. The fact is, though, that the original Classification Act of 1923 and the act of 1949 expressed just the opposite policy in terms of the saved rates, and that they would not be getting the benefit of statutory pay increases. We think H. R. 1168 is properly in accord with that sound basic policy.

Mr. JOHANSEN. Does H. R. 1168 have the effect of rescinding what was done in the recent pay legislation?

Mr. STAHL. It does not rescind it in terms of the application of the recent pay legislation. It would simply mean that prospectively in any reclassification downward no future pay increases would be added.

Mr. JOHANSEN. It relates to the future pay increases?

Mr. STAHL. Yes, sir.

Mr. JOHNSON. This is a point which was emphasized by witnesses at the first hearing of the subcommittee, Mr. Stahl, and the provision in Public Law 594 in the first paragraph states, in effect, that the savings will include any future pay rates and actually is an attempt to legislate by Congress to say that they will not legislate in the future for this reason: At any time the Congress prospectively considers salary legislation it has the absolute right to include in that salary legislation a stipulation that every saved rate will receive the percentage of other types of increases just as was done in the 1955 Pay Act, which became Public Law 94 of the 84th Congress, with regard to the Federal fire fighters.

The Federal fire fighters had a saved rate of 6 under the Fringe Benefits Act, Public Law 763, of the 83d Congress. Their saved rate in Public Law 763 had no language guaranteeing them any future pay raise. Yet Congress in 1955 specifically considered their problem and affirmatively and positively granted them the same pay increase on top of their saved rates as was given all other Federal employees.

Mr. JOHNSON. Which law proposed to guarantee pay increase in the future?

Mr. STAHL. That is right.

Mr. JOHANSEN. Is the import of what you say that this provision is in effect a nullity?

Mr. JOHNSON. It has no effect because Congress at any time can knock it out in a pay raise, and they always specifically consider it.

Mr. STAHL. I would not say it was a nullity. I would say in the absence of any provision otherwise in any future pay increase legislation this would be effective.

Mr. JOHANSEN. In other words, the virtue of this provision is that it clarifies that question in the absence of any contrary provision?

Mr. STAHL. Exactly.

Mr. JOHANSEN. That is, in subsequent pay legislation?

Mr. STAHL. Yes, sir.

Mr. JOHANSEN. And, conversely, the present affirmative language in any subsequent legislation would bring the same effect back into the law?

Mr. STAHL. Yes, sir. We believe, therefore, and the Commission believes, that this is a sound position, and that all of these proposed limitations and safeguards relating to the eligibility and duration of benefits are appropriate and necessary. They permit accomplishment of the basic purposes of the legislation, while at the same time they give due regard to the principles in the Classification Act to provide this cushion of shock to the individual and then also to the Department to get him an assignment which will support his former grade, but at the same time they give due regard to the principles of equal pay for equal work under the Classification Act.

For the same general purpose, and in awareness of the fact that we are extending the coverage here to many more kinds of downgradings—in other words, even where there has been a change in duties, for example—the proposed bill would apply salary retention and savings and in view of that broad extension of the coverage, we feel that other additional limitations would be necessary; namely, that the salary retained should be held for the individual for not more than 2 years.

Now, we believe that 2 years is a sufficient period to accomplish these purposes that I have stated to cushion the shock and to provide time for reassignment.

The cost of paying for a level of work which is not performed is an important consideration as well as a motivation to administrators and employees to seek proper correction through the assignment. We feel that during that 2-year period there would be motivation on the part of both the individual and of management to try to find him an assignment which would avoid his loss in pay, but it provides a cushion period during which that might be done.

Mr. JOHANSEN. What is the motivation?

Mr. STAHL. The motivation is that the reduction is going to take place, and nobody likes to see it, including management. I think if they can find an opportunity to avoid that and to avoid affecting an individual, then I think they would be motivated to do it. If the individual is going to continue to get the salary anyway, there is no motivation on the part of management, or employees, to make some kind of adjustment about his work commensurate with the salary he has been receiving.

Mr. CRETELLA. What would happen if the man could not be assigned to appropriate work during this period?

Mr. STAHL. If there were such a thing that no assignment justifies his former higher grade, he would have to go back to the salary that he otherwise would be eligible for in the lower grade, but we would think that would happen rather rarely.

Mr. CRETILLA. It puts him at the mercy, though, of the supervisor in such an eventuality; does it not?

Mr. STAHL. Well, conceivably. Of course, no rule or no plan or no law is going to work perfectly if somebody wants to unjustifiably hurt someone else, but it is our feeling that if we do not have a time limitation on this when it covers so many kinds of downgradings that, in effect, we are throwing the principle of equal pay for equal work out of the window. If we are going to say that once an individual reaches a certain grade that they can hang onto the salary of that grade for the rest of his life, then we might as well recognize that that is what we are doing when we have it in perpetuity.

It is our feeling that at some point or other there needs to be a reconciliation between cushioning the shock of the individual and the principle of equal pay for equal work and giving the Government and the taxpayers the kind of performance that calls for a given rate of pay.

That is the reasoning behind the Commission's position, or feeling that a limitation is desirable there.

Mrs. GRANAHAH. There is no protection for a person who is doing the work of a grade 14, although he holds a grade 13, and still receives a grade 13 pay?

Mr. STAHL. This, of course, does not apply to movements upward.

Mrs. GRANAHAH. I think there are a great many people who are doing just those kinds of things for which they are not being reimbursed.

Mr. STAHL. Quite often that is true. Of course, it is difficult sometimes to say just when a grade 13 has become a grade 14. Sooner or later they are caught up with on surveys but there may well be instances—

Mrs. GRANAHAH. I am speaking of a situation where there might be a vacancy and this person might be moved up who has been taking care of this work, for a period of years.

Mr. STAHL. Certainly that is an injustice. If a person is actually assigned to a vacancy in a higher grade—

Mrs. GRANAHAH. I am thinking of a specific instance.

Mr. JOHNSON. I believe the law covers that principle, and the first principle of section 502 of the Classification Act of 1949 gives every employee a right of appeal to the Civil Service Commission if he feels that his position is improperly graded.

Secondly, the matter of the assignment or temporary detail of employees to a higher grade of work I believe is covered by the Federal Personnel Manual and to my recollection no such assignment can be made for a period in excess of 6 months; is that correct?

Mr. STAHL. That is generally correct.

Mr. JOHNSON. There are exceptions, but they are due to administrative error, and they have been corrected.

Mrs. GRANAHAH. I have in mind a particular case. In other words, a new job might come along which probably this person would be eligible for, but he had never had any reason to change until the new job developed. This man has been in this position for several years.

Mr. JOHNSON. He has the absolute right of appeal to the Civil Service Commission in the Classification Act of 1949, if he feels his position is improperly graded.

Mr. STAHL. That is correct.

Mr. CRETELLA. He could ask for a survey of his particular job. The reverse of what you say occurred to a constituent of mine who thought that he was improperly graded in 11 and that he should be in 12. They made a survey and discovered he should have been in grade 10, and that he was improperly in grade 11 in the first place.

Mr. JOHNSON. He would be covered by this bill.

Mr. STAHL. So, perhaps, one runs some risk.

Mr. JOHNSON. Off the record.

(Discussion off the record).

Mr. STAHL. May I just add one point, Madam Chairman, on the matter which we were discussing about putting a time limit on the duration of salary retention. In considering the views of the departments and agencies on this when we explored this whole problem, the departments and agencies were for a limitation of 1 year or less. The Civil Service Commission felt that we should extend it to 2 years, but the departments were rather insistent that they could have an adequate opportunity within a year or less to try to make an adjustment, and to cushion the shock.

We felt that 2 years would be adequate, however, in spite of the fact that there was pressure from the departments to make it even shorter.

Mr. JOHANSEN. Madam Chairman, the nub of the argument with regard to this 2-year limitation as presented by the representatives of the employee organizations at our earlier hearing seems to revolve around the question of which alternate provision actually involves the greater incentive to properly reassign the affected individual.

I notice the testimony of Mr. Ryan, and I am quoting:

If you do not protect the salary of that individual affected in that manner, then I am afraid that too many agencies will just forget about this fellow, and he will get downgraded.

Here you have someone on the payroll of the Federal Government who is dissatisfied, and hurt, because he has been downgraded through no fault of his own; and, secondly, you are not utilizing that man to the highest degree of his skills.

The argument seems to be that by setting a time limit, and the lesser the length of the time limit, the greater the invitation according to this line of argument, to just sit tight and let time take care of the thing, and taking care of it in the sense of reverting to the lower salary.

The nub of the question seems to be which situation, a time limit or no time limit, provides the most incentive to do something about this fellow so that he is doing work commensurate with his pay.

Mr. STAHL. I suppose the answer to that question sort of springs from what one's philosophy is as to what the motivations of management are. If you start with the idea that management always and almost inevitably is determined and gets a sort of clinical delight out of downgrading employees, naturally putting the time limit on them would not provide any incentive. If, on the other hand, which I think is much more realistic, management shrinks from downgradings pretty generally, they do not like the results of downgradings, they do not like to hurt people; consequently, when there is a time limit and at the end of that time limit a downgrading is going to take place or rather a lower salary will take place, the downgrading actually has taken place, but lower salaries are actually going to come into effect, it seems to me management usually has every desire, I have never

known of an instance when management does not desire, to prevent reduction in salary if it possibly can.

This is not to say there might not wind up being some instances where there would be at the end of 2 years no other alternative but it has seemed to the Commission that that is justified on the grounds that the 2 years was a long enough time to meet these particular purposes and a long enough time to violate the principle of equal pay for equal work and following the Classification Act policy of paying in accordance with difficulty and responsibility.

Mr. JOHANSEN. I do not subscribe to the premise——

Mr. STAHL. I did not mean to suggest you did. I was speaking theoretically.

Mr. JOHANSEN. I think sometimes there are unfortunately those who say things which could be construed that they subscribe to that philosophy though I do not think they would acknowledge it and I do not think basically they do. I suppose the one point they make with some force is that where there is a personal vendetta between a supervisor and an employee, where there is personal desire to add to their discomfiture, this might be the occasion for it.

I have never subscribed to the philosophy that all your legislation in this field has to be on the basis of everybody being a villain, either on management side or labor side. If we have reached that state, I suggest we suspend all legislation on everything.

Mr. STAHL. I agree. If we subscribe to that, we would never be able to legislate against all evil. You have to legislate on the basis that people are well motivated.

Mr. JOHANSEN. At least that there is some scintilla of decency left in America.

Mr. STAHL. In the case of personal animosity between supervisor and employee it would almost require a conspiracy of too many to have the animosity take effect in this way. The possibility of reassignment is something usually outside of that supervisor's jurisdiction and the personnel office and others would be involved. I find it difficult to believe it could happen very often, if at all, that the vindictiveness of an individual supervisor could actually result out of sheer spite in the individual not having an opportunity for reassignment.

Mr. JOHANSEN. There seemed to be some testimony to the effect that this provision in some way violated recent legislation or recent legislative policy with regard to any reduction of pay at any time. Would you comment on that?

Mr. STAHL. I am not sure I understand.

Mr. JOHANSEN. I am not sure that I understood the testimony. I think maybe Mr. Johnson can help me. I gathered there was a statement made the other day at the hearing to the effect that in the recent legislation there was a policy declaration that there should not be any reduction of pay incident to the salary legislation. Was there not something of that type argued?

Mr. JOHNSON. Mr. Johansen, I think the implication was not intended. I believe the reference was to the rather extended conversion rules under Public Law 85-462 whereby classified employees formerly paid under the schedule of Public Law 94-84 were to be paid under this new salary law. Under these conversion rules specific attention was given to saved-rate cases. It was spelled out in positive language

any saved rate of the employee, even though it was in excess of the appropriate step rate in the appropriate grade, would, nevertheless, receive a 10-percent increase which maintained that saved-rate employee at a level comparable to the level he had occupied before the new law.

It did nothing more than grant a 10-percent salary increase to everybody on top of the actual pay rate he was already receiving whether it be an appropriate rate in the schedule or a saved rate. That is the substance of my argument that any time Congress considers pay-raise legislation they do consider these saved-rate cases.

Mr. STAHL. That is the point we discussed awhile ago. But you had another point I believe.

Mr. JOHANSEN. Apparently I confused the two on the basis of the testimony.

Mr. JOHNSON. There is one further point. Public Law 68 of the 84th Congress, the Postal Field Service Compensation Act of 1955, covers about 500,000 postal field service employees and there is nothing in that law which compares with the coverage that is being extended to classified employees by H. R. 1168. If a postal employee's duties change, if his work becomes that of a lower-graded or lower-level key position under Public Law 68, he does not have anywhere near the broad protection that will be granted by H. R. 1168. So we have the picture of some special attention being given to perhaps 1 million classified employees here in the form of salary protection which is not extended to postal employees. I am mentioning this in connection with the 2-year limitation on salary savings.

Mrs. GRANAHAH. Mr. Cretella, any questions?

Mr. CRETELLA. No.

Mrs. GRANAHAH. Mr. Johansen?

Mr. JOHANSEN. There was in the statement by Mr. Walters the other day the suggestion that H. R. 1168 be expanded to include wage-board employees. It is my impression that this is a proposal to involve this committee in a course of action that has not been followed heretofore and might very seriously jeopardize this whole legislation. Is that your feeling?

Mr. STAHL. Sir, I do not know that the Commission has addressed itself particularly to that question of strategy, but it has opposed the extension by legislation of this principle of salary retention to wage-board employees largely on the ground that there are so many differences in the way wage-board jobs are handled that only under certain circumstances can you say they are graded and classified on the basis of duties, that in some instances it has little or no relation to a structure, grade structure, of duties. There would be problems as among different departments and different wage-board systems. We feel this is something that ought to be left to the department wage-board systems to adjust from time to time.

Furthermore, there are not a great many comparable kinds of downgradings. The usual downgradings under wage-board cases are those that result from a reduction in force. These are expressly excluded by H. R. 1168 anyway. So we doubt whether there would be any advantage and it is quite possible it would be a disadvantage to the main purpose of your bill to embrace that. I am sure the Department of Defense would object strenuously.

Mr. CRETELLA. How many cases would you say that you have run into where this particular legislation would now apply?

Mr. STAHL. I do not know whether we have such figures. This has been a difficult thing to do because with the definitions that you have in here of the kinds of downgradings this would apply to, statistics are not kept on the basis of these kinds of definitions. We may be able to get broad gross statistics on the total numbers of reductions of all kinds by these discrete reductions, excluding those that are for cause and the fault of the employee, in other words, and those that are asked for by the employee because he wants to move from this location to another. We do not have more specific data.

Our impression is certainly that the numbers of cases are still relatively few, but the numbers under the present legislation, under the 1956 law, are rare indeed because cases where you can show that there has not been a material change in duties over the preceding 2-year period are very difficult to demonstrate. That is why there was some movement to liberalize the thing somewhat.

Mr. CRETELLA. In the face of that and the dearth of cases where this legislation may apply, what do you suppose prompted the introduction of this legislation?

Mr. STAHL. I think probably a matter of principle to my knowledge. That is all I can say.

Mr. JOHNSON. May I cite this example? We did develop some figures showing that from 1951 to 1955 there were a little over 19,000 reductions in grade under the Classification Act.

Mr. STAHL. Over the full 4-year period.

Mr. JOHNSON. Yes, from 1951 to 1955. About 18,000 of those occurred from 1953 to 1955, during the heavy reduction-in-force period and the consequent dislocation and movement of employees.

Public Law 594 was enacted to attempt to give some protection to a number of the people who had been adversely affected in those reductions. Consequently, though enacted in 1956, it was made retroactive to July 1, 1954, and the subcommittee even considered taking it back to 1951 but there were very few cases before 1954 who had not already regained their previous grade.

In the 1955 fiscal year, grade reductions were less than half the number that there had been in 1954. So the tendency was downward in grade reductions and they diminished still further in the fiscal year 1956. However, Public Law 594, being rather narrowly restricted, did not even cover one-twentieth of the cases that were intended to be covered. The official record shows the Civil Service Commission's proposed regulations under Public Law 594 would have covered a larger percentage of the cases. Assuming, for example, there are 500 reductions in grade in fiscal 1957, the original regulations, which were disapproved by the Comptroller General, would have covered possibly 400 of them. The revised regulations approved by the Comptroller General probably only covered 100 of them.

In the normal course of events, with 2 million employees, there are going to be several hundred reductions in grade in any fiscal year even in the absence of a large reorganization problem. H. R. 1168 was introduced for the specific purpose of broadening the base and extending principles of Public Law 594 to 80 percent of the downgradings in lieu of the 20 percent which are covered by Public Law 594 because

of its restrictions and H. R. 1168 would have that approximate effect; would it not?

Mr. STAHL. I think it is anybody's guess as to what the percentage would be, Mr. Johnson. I have a little personal doubt that passage of this bill would extend it to as much as 80 percent of the downgradings but certainly what it would do—this perhaps is a better answer to Mr. Cretella's question—is even though there would be relatively few in total and in relation to the size of the service to which this would apply, it would correct the present legislation to the extent of making it apply to what it was expected it would apply to. Yet the language that had been used happened unfortunately to be restrictive enough that the Comptroller General was required to say it applied only to those very limited cases.

This would simply extend it to those that by and large I think everybody had assumed that law was going to extend to. It may even go a little beyond that.

It is because of this extension in coverage, though, that we feel that the limitations provided in the bill are wise and that we would like to suggest this additional one of the 2-year limit.

Mr. JOHANSEN. I have one question.

Mr. Stahl, what is the role or what would be the role of the Civil Service Commission in policing this matter, particularly if the 2-year limitation were added? Is the responsibility left entirely or largely to the department heads or will it be a matter in which the Civil Service Commission will maintain a surveillance?

Mr. STAHL. First of all, the Commission would have the authority to issue general regulations in pursuance of the law governing all facets of it.

On that particular point, as to any policing of what happens during the period of the 2 years an individual is enjoying salary retention, I would expect the great burden of responsibility would fall on the department in trying to find an assignment that would justify the employee's previous higher grade. I cannot envisage the Commission policing in the sense that it could force a department to find a job, especially if there simply was not one.

Mr. JOHANSEN. Could you envision the Civil Service Commission keeping a watchful eye on it and encouraging action on the part of the department?

Mr. STAHL. I think so. We believe every effort should be made and that there should be a positive effort to find reassignment for an individual.

Mr. JOHANSEN. With no disrespect intended whatever, are those fine words or does that mean that with this legislation the Civil Service Commission will keep an eye on it and will provide the encouragement?

Mr. STAHL. I cannot speak for the Commission on a question that has not been directly addressed to them. It would be my expectation, that they would.

Mr. JOHANSEN. I happen to belong to a school of thought that wants a stronger, not in terms of personnel, but an administratively stronger Civil Service Commission that will be protecting some of the interests of the taxpayer and will be protecting the interests of all parties at interest by actively doing something about it with these department heads.

Mr. STAHL. I would think I could persuade our Commissioners that they should include in their instructions to departments and to follow up through our inspectional activities the strong support for utilizing that period to bring about reassignments. As part of our general classification program and our inspection and classification audits program, we are constantly badgering the departments to keep jobs in line. Certainly this would be keeping jobs in line to ask that an individual already being carried at a salary of a higher grade be put in a job that justifies it.

Mr. JOHANSEN. By that you mean you, as an inspector for civil service, coming to me as a department head, would say from time to time: "What are you doing about John Doe who is in this category?"

Mr. STAHL. First we would have to say: "Have you any John Does in this category and let us see them."

Mr. JOHANSEN. When I admit I have 6 months later, maybe you would ask me what I had done about it.

Mr. STAHL. I do not want to leave the impression the Commission would be in a position to police a list of individual cases, case by case, by establishing a followup program. This is something I have to go back and have our chief of our inspectional staff and our Commissioners consider.

But certainly I think I could say that I would have every expectation that they would be willing to do everything they could to foster and encourage. I do not think they would want to go as far as exercising a sanction in the sense of requiring a department to do something about a case where it appeared as if a lowering of the salary was unavoidable.

Mr. JOHANSEN. For whatever it is worth, if this is enacted, would you convey to the Civil Service Commission my hope that they will do some effective policing on the thing?

Mr. STAHL. Absolutely.

Mr. CRETELLA. That is pretty much covered in subsection (d) of the bill, where it states the Civil Service Commission is authorized to issue regulations to carry out the purposes of this section.

Mr. STAHL. That is right.

Mr. JOHANSEN. May I say to my colleague that the issuance of regulations is one thing, I will not use the objectionable word "enforcement" of those regulations, but the stimulation of the departments to adhere to them is quite another thing. In so many of these things, manpower utilization, personnel policy, so many other things, we hear about regulations which become ineffective pious hopes because nobody puts some oomph behind them.

Mrs. GRANAHAH. Mr. Johnson has a statement that might clarify that.

Mr. JOHNSON. To supply the oomph we might advert to a policy the committee has used effectively in the past with respect to Civil Service Commission administrative activities and that is, in the committee report, include a strong statement that the committee expects the Civil Service Commission to provide in its regulations full encouragement to the departments and agencies to effect appropriate reassignments and also to consider the inclusion, in regular inspectional activities, inquiry as to progress and results in these lines.

The Commission has always carried out those committee requests.

Mr. JOHANSEN. I accept all that. I can only privately hope there might be something further about what the Commission might do if their hopes were not complied with by the department heads.

Mr. STAHL. If I might suggest another thing that could be done, and that is that a couple of years from now the Commission could be asked to report on the situation. That is another technique, not that I like to invite reports.

Mr. JOHANSEN. I share the feeling. Thank you.

Mrs. GRANAHAH. Mr. Scott?

Mr. SCOTT. No questions.

Mrs. GRANAHAH. Thank you very much, Mr. Stahl. Has Mr. Steele or Mr. Hare any statement?

Mr. STAHL. They were here to answer questions.

Mrs. GRANAHAH. Mr. Friend from the General Accounting Office.

STATEMENT OF CARL P. FRIEND, ATTORNEY, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY J. M. TURTON, ATTORNEY, GENERAL ACCOUNTING OFFICE

Mr. FRIEND. I have with me Mr. J. M. Turton, attorney in the General Accounting Office.

Mrs. GRANAHAH. Have you a statement, Mr. Friend?

Mr. FRIEND. No; I have not. We just came up to be available for questions that the committee members might have.

Mrs. GRANAHAH. Shall we reverse the order? Mr. Scott?

Mr. SCOTT. No questions.

Mrs. GRANAHAH. Mr. Cretella?

Mr. CRETELLA. No questions.

Mrs. GRANAHAH. Mr. Johansen.

Mr. JOHANSEN. My question is whether this proposed legislation, H. R. 1168, in your judgment plugs the loopholes or meets the objections which apparently prevented the previous legislation from being effective in the matter of the saving of salaries.

Mr. FRIEND. Yes, sir; we believe it does. We think the term "grade" as used in this proposed legislation is much broader than the term "position" used in the old act, Public Law 594. We think that it will accomplish the purpose that a lot of people feel the original act was intended to do.

Mr. JOHANSEN. I have great respect for the Comptroller General's Office and General Accounting Office and the work they do, but I want to be sure we are accomplishing what we seek to accomplish and think we are accomplishing with respect to the objections they interposed. That is no criticism of those objections.

Mr. FRIEND. Mr. Turton and I worked with the staff of the committee originally on the wording of this bill and we do feel it is a much broader bill.

Mr. JOHANSEN. And that it meets those objections?

Mr. FRIEND. Yes, sir.

Mr. JOHANSEN. That is all I have.

Mrs. GRANAHAH. Are there any further questions? Thank you very much.

Mr. Stahl, will you return to the stand for a few questions, please?

STATEMENT OF O. GLENN STAHL, DIRECTOR, BUREAU OF PROGRAMS
AND STANDARDS, CIVIL SERVICE COMMISSION—Resumed

Mr. JOHNSON. One of the questions was brought up by your statement at the first hearings which relates to the Librarian of Congress. The chairman of our committee, Mr. Murray, received a letter from the Librarian of Congress, pointing out that the language of neither Public Law 594 nor H. R. 1168 could be construed to cover employees of the Library of Congress.

The key words are in paragraph (2) on page 2 of H. R. 1168. Competitive service and excepted service are not deemed to cover Library of Congress employees who are appointed by the Librarian under separate organic legislation.

The Librarian asked that such employees be covered by a minor amendment to this bill and my question to you, sir, is whether the Civil Service Commission would perceive any objection to the inclusion of positive language to cover the nearly 2,000 employees in the Library of Congress.

Mr. STAHL. Before answering that, I will ask Mr. Steele—this language and appointment of equivalent tenure in excepted service, why would that not embrace it?

Mr. STEELE. "In the excepted service" would not cover the Library of Congress. It would mean only the executive branch agencies not under the competitive service.

Mr. STAHL. Offhand I will have to speak from my own personal opinion. I would not think the Commission would object because normally they do not object to any provision that relates to an agency that is part of the legislative branch. This we have always assumed to be the prerogative of the Congress to legislate for. I cannot say for certain because the question has not been discussed but I would not expect the Commission to object.

Mr. JOHNSON. With the further point being made that all these employees are subject to the Classification Act of 1949 and are compensated in that manner.

Mr. STAHL. In the Library of Congress that is true.

Mr. JOHNSON. There is a similar question to which I assume the answer would be the same, relating to employees in the Office of the Architect of the Capitol. The Architect called this morning and asked to be covered even though he has several hundred employees.

The third question is broader, which relates to positions of certain employees in the District of Columbia government. Perhaps 10 to 15 percent of the District government employees are in the competitive service. A great many of them are wage-board employees. There are certain other groups not yet identified who would not be covered by this act because they are not deemed to be in the competitive service or the excepted service.

We have not yet gotten an official recommendation from the Board of Commissioners, but we have some suggested language which would add a section 4 providing in effect that the Board of Commissioners of the municipal government of the District of Columbia may in its discretion designate such employees of the municipal government who are not otherwise within the purview of H. R. 1168 to come within its provisions except that this shall not be deemed to affect the existing wage-board authority of the District government.

Would you perceive any objection to such general language?

Mr. STAHL. I cannot imagine there would be any objection to that. I would offer this suggestion that the philosophy and spirit behind this existing law and the bill that you have under consideration is that it would apply to career-type personnel and not to temporary or fleeting personnel. That being the case, I think as long as that spirit and philosophy lies behind these requests, I should think you would be within the spirit of the idea of the proposal because it is protection for people who are expected to be around for awhile.

Mr. JOHNSON. Thank you. Madam Chairman, there is one other question Mr. Lesinski specifically asked be brought before the committee this morning. It is an individual case. I have informed the Civil Service Commission that this case would be considered.

I would like to ask Mr. Stahl if he has had an opportunity or any of his staff has had an opportunity to consider the case of Mr. Louis E. Beaupre, 3050 Birch Street NW., Washington, D. C., whose position as commodity analyst, grade 14, was reduced to grade 13 and who pursued all of his appellate rights and at one point received a favorable decision from the Civil Service Commission which was reversed on appeal by the Department of the Navy, by the CSC Board of Appeals and Review, the reversal having been sustained by the Commissioners this year.

In your opinion would H. R. 1168, if approved, warrant any change in the final decision in Mr. Beaupre's case?

Mr. STAHL. Yes. This decision of the Commissioners was based squarely on this point I alluded to awhile ago that under the existing law you have to determine that there was not a material change in duties within the recent past 2 years. In this instance they felt they were compelled to determine that there had been a change within that 2-year period preceding the downgrading and that therefore the existing salary retention provision was inapplicable.

Under H. R. 1168 this would be changed and, furthermore, H. R. 1168 provides that in any instance that goes back to 1954 the law would have prospective effect. I mean by that there would be no restoration of salary between 1954 and 1958 if you pass this bill this year, but that beginning with the passage of the bill, Mr. Beaupre could be restored to the salary that he otherwise might have enjoyed since the downgrading.

Mr. JOHANSEN. When was the downgrading?

Mr. STAHL. 1955.

Mr. JOHANSEN. What about the 2-year limitation? Would that also be applicable to him so that his status in the higher salary would be terminated as of the expiration of the 2-year period?

Mr. STAHL. I suppose you are right. I did not think about that. I forgot it was that long ago, that if the 2-year limitation were in there it could not apply prospectively in this case unless in the meantime he were raised in grade.

Mr. STEELE. The wording on the 2-year limitation has not been worked out. It is possible you could not enjoy it for more than 2 years or you could write it so that it would give him 2 years from here on out.

Mr. STAHL. You could do that.

Mr. JOHNSON. Would that be the proper and equitable thing to do?

Mr. STAHL. Yes.

Mr. JOHNSON. There would be no objection from the Commission to a saving clause of that kind?

Mr. STAHL. I would think not.

Mrs. GRANAHAH. Are there any further questions?

Mr. JOHANSEN. I would like to express my appreciation for the arrangement for having these folks from the Civil Service Commission here.

Mrs. GRANAHAH. We have all profited by that, Mr. Johansen. We will now go into executive session.

(Prepared statement of James A. Campbell is as follows:)

PREPARED STATEMENT OF JAMES A. CAMPBELL, PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

The bill, H. R. 1168, has for its purpose the correction of a gross inequity that has resulted from what we believe to be a misinterpretation of Public Law 594, the law which was to save an employee's current salary when he was downgraded because of a reevaluation of his position.

To the extent that it accomplishes that objective, the American Federation of Government Employees wholeheartedly endorses the bill. There are certain features which we believe should be modified, and these will be indicated in the course of this discussion.

When Public Law 594 became law June 18, 1956, Federal employees had high hopes that it would end one of the most distasteful situations growing out of the classification system, namely, lowering the grade of a position. They believed that it would provide protection in an area in which the employee had been given no effective protection.

In a demotion for alleged inefficiency or some other cause or in a reduction-in-force action which lowered his grade the employee had available a procedural remedy, and an alternate solution of the problem was possible. But when a classifier reviews the classification of a position and makes the determination that the job is incorrectly classified and must be placed in a lower grade, there is nothing the employee can do but dispute the judgment of the classifier.

Unless it can be proved that the classifier is wrong, the employee is going to lose what in some cases is a considerable amount of money. Even his supervisor may not be able to help him, for there may be no other position to which he can be moved. Moreover, a supervisor must accept the judgment of the classifier until it can be disproved. While the effort to relieve the situation is in progress salary retention should be available to protect the employee from loss of salary.

In such a situation, the employee has had no part in bringing about the change of status. He accepted the position on the basis of a new appointment, transfer, or promotion, with the understanding that it would remain in the grade stipulated. The employee has performed what appeared to be the same duties during the entire time he has held that grade.

Public Law 594 came to his rescue and, as we believed, saved that employee from a reduction of his salary. That seemed to be the plain intent of the statute. However, interpretation of the law by the Comptroller General so restricted its application that its benefit was withdrawn from many of the employees it was obviously intended to help.

The Civil Service Commission attempted to write into its regulations the apparent intent of the drafters of the law. It proposed to define the term "reclassification," in section 25.403 (c) of its regulations as follows:

(c) "Reclassification" means any classification action lowering the grade of employee's position during his incumbency of such position with or without a material change in duties or responsibilities, including abolishment and replacement thereof with a successor position.

This would have given the downgraded employee essentially the same entitlement to salary retention as he will receive from H. R. 1168. In a decision of July 11, 1956, the Comptroller General suggested the following:

(c) "Reclassification" means any classification action lowering the grade of an employee's position during his incumbency of such position without a material change in the duties or responsibilities.

This is the definition currently in effect, with the addition of the words "during the 2 years immediately preceding the classification action."

This narrow and rigid interpretation of the intent of the law puts into effect a requirement which in some instances was impossible to determine, namely, that there had been a material change in the employee's duties and that the change had taken place within a 2-year period. Because such a determination is so difficult to make, it becomes a costly operation. Considerable time must be spent by classification specialists to decide eligibility to salary retention and by other specialists when the employee appeals the decision.

Barring further misinterpretation, H. R. 1168 seems to return salary retention to its original concept. Salary retention will be applicable when the grade of an employee's position is reduced as a purely classification action. It will no longer be necessary to become involved in any attempt to determine if there were or were not material changes in the duties or responsibilities.

The bill apparently avoids the rigid interpretation given Public Law 594 by the use of the term "appointment" instead of "position."

As presently worded, the bill would prevent an agency from using reduction-in-force procedure to avoid salary retention, since it limits a r. i. f. from becoming a barrier to salary saving only if it is utilized because of lack of funds or curtailment of work. Salary retention apparently would be available if the r. i. f. occurs in connection with a reorganization. This would be a reasonable construction, because lack of funds or curtailment of work requires economy measures. It would also be possible under this bill to rectify actions taken on the basis of the narrow interpretation of Public Law 594.

Mention was made of provisions which are objectionable. One defect is the omission of the provision in Public Law 594 permitting the employee to receive statutory increases while at a saved rate of pay. This is inconsistent with the ultimate objective of this legislation. The principal purpose is to preserve the pay of an employee whose grade was reduced for not fault of his own.

If his agency is delinquent in finding another job to which he may be assigned, changing economic conditions may so depreciate the purchasing value of his salary that it may result in a considerable loss to him. If a loss in purchasing power has taken place during the prolonged period of waiting for an agency to act, that employee has as much need as any other employee for a pay raise which will restore at least a part of his loss. So there is no valid reason for denying that employee a pay raise.

Saving the current rate of pay is done for the purpose of preserving the employee's income. That is not accomplished if rising prices in the interim reduce the purchasing power of that income.

Justice indicates the preservation of the purchasing power, or real wage value of that income. Otherwise, it is meaningless to consider it a saved rate. If prices have depreciated the saved rate, the salary of that employee has been reduced.

The Civil Service Commission has recommended that the period in which a saved rate will remain in effect shall be limited to 2 years. To this we must emphatically object. One of the main objectives of the bill is to give the employing agency an incentive as well as an opportunity to reassign the employee and utilize his capabilities in a position having the same grade level as that of the position which was downgraded. The incentive for the agency is to shorten the period in which it must pay an employee a higher salary than that which is appropriate for his position when correctly classified. This the agency can do itself.

On the basis of sound administrative practice the agency should be impelled to make the required adjustment as soon as practicable. The current law places no restriction on the period in which an employee may receive a saved rate, and in effect it does not limit the time in which it is necessary for an agency to pay this higher saved rate. The agency itself decides the length of the period in which the saved rate will continue. If it can reassign the employee within 2 months, for example, to his former grade at the salary equivalent to his saved rate, then that saved rate ends, and the case is closed. But if the agency makes no effort to reassign him, he may continue indefinitely at the saved rate of pay.

Now, if the law is amended to eliminate the requirement to pay the saved rate after 2 years, it places a premium on potential negligence on the part of an agency that elects to do nothing for the employee. The whole purpose of the salary retention law is to protect the employee from loss of income until such time as he once again can be returned to the grade and salary which he was assured when he first accepted the position that was downgraded. That protection is not provided if the period in which the rate may continue is limited.

It seems desirable to raise a question concerning subparagraph (e) on page 4 which would permit an employee to retain his salary at the time of downgrading

only if the reduction is no greater than three grades. Reductions greater than three grades may be infrequent and if so there is all the more reason for preventing any loss of income. If the reduction is more than three grades, it is still a situation over which the employee had no control. There is no reason for placing any limitation on retention of the current salary.

With these suggested changes, we heartily approve of H. R. 1168. It is in our opinion a very necessary piece of legislation and its enactment in this session of Congress is essential. It will provide fairer treatment for the employees affected, and it will result in economy for the Government by eliminating costly appeals which will still do no more for an employee than this bill. Furthermore, it will make a positive contribution toward improvement of morale.

We do not contend that the classification of position should never be changed, but it is our firm belief that if there is a change which does not result from bona fide change of duties and responsibilities of the position, the employee should not be required to suffer loss of income which will result from lowering his grade.

Classification technique is but a means of determining the rate of pay which should be attached to any given position. There is so much opportunity for difference of opinion that classification can threaten morale and reduce efficiency instead of performing the function that it was intended for.

The bill H. R. 1168 will contribute in a large measure to better administration of the classification law. It will discourage its misuse. It should reduce the tendency to overemphasize minute differences in the value of jobs. Its enactment will in no way interfere with the sound operation of the classification system.

We desire to express our appreciation, Mr. Chairman, for being permitted to record our comment on this important bill.

(Thereupon, at 11:20 a. m., the subcommittee went into executive session.)

APPENDIX

KINDS OF ACTIONS RESULTING IN GRADE REDUCTIONS

(For consideration with H. R. 1168, 85th Cong.)

H. R. 3255 would apply salary retention to employees reduced in grade due to "reclassification" of their positions. Technically if the duties of a position change it ceases to be the same position. Following this approach, H. R. 3255 would provide salary retention only in those cases where a different grade is assigned to the same set of duties. It is doubtful if this is understood by all supporters of the bill. For example, some witnesses appearing in support of the bill at the House hearings mentioned the duties of the positions with which they were concerned had changed, but they did not consider this as removing the cases from the coverage of the bill.

This question was considered by the IAG committee. The restricted coverage which would result from the above interpretation of H. R. 3255 was not considered satisfactory. There was a difference of opinion as to what actions should be covered. One group which included the departments employing the larger number of employees favored coverage of all actions except demotion due to some fault of the employee or due to reduction in force. They pointed out that this was contingent upon salary retention being temporary. The other group did not wish to extend the coverage to such a wide area of actions but rather wanted to limit it to changes in the grade of what could in some manner, perhaps by organizational location, be identified as the same position. This proposed coverage was not defined.

The staff has followed the advice of that group which favors the broader application.

To illustrate the difficulty of drawing a line between different actions to which salary retention could be applied, we have listed circumstances which might result in an employee's demotion. For purposes of illustration, we have called the employee chief of unit A.

A mistake was made in grading his position.

Duties contemplated for unit A when it was organized did not materialize. (On paper there is a change in duties but not in fact.)

No change in duties.

A mistake was made in that he was carried on the job description for chief, unit B, a higher grade position. (On paper there is a change in duties but not in fact.)

No change of location in organization.

New classification standards are issued changing the grade for his position.

A demotion results from one of the causes listed above, but (1) a change has occurred in an incidental duty performed by him ;

Change in duties.

(2) a change has occurred in one of his important duties but it is not sufficient to cause a change in grade level ;

(3) important duties have been removed but are offset by new duties of equal difficulty and responsibility ; or

(4) changes have occurred in his duties so that the resulting new position is in a different occupational series but is at the same grade level as that which should have been assigned to the old position.

A gradual change takes place in his duties which has gone unnoticed by both him and his supervisor. Grade is corrected on Commission or agency audit.

No change of location in organization.

A change takes place in duties as a result of a change in distribution of work by supervisor. Grade is corrected on audit.

While the functions of unit A remain the same, a new section supervisor is appointed who exercises such closer supervision. Grade is corrected on audit.

A change in duties takes place due to change in workload or mission. Grade is corrected on audit.

A change in duties takes place due to change in organization, methods, or procedures. Grade is corrected on audit.

(Many of the same changes in duties which result in demotion upon classification audit could result in demotion of the employee through his being moved to another position in the organization.)

No change in duties.

He is transferred with his functions to another division. Although his duties remain substantially the same, he is demoted upon classification audit in the new location because an error in grading or description of his old position had gone unnoticed.

Change of location in organization.

He is transferred with his functions to another division. Although the transfer does not significantly change his duties, he is demoted because an earlier gradual change in duties had gone unnoticed.

Change in duties.

He is transferred with his functions to another division but due to closer supervision in the new location he is demoted.

Change of location in organization.

He is transferred with most of his functions to another division where he takes on additional duties. The combination is of lower grade level.

He is transferred to an entirely different job in another part of the organization due to changes in workload, mission, organization, or administrative reassignment policies.

The point is that few demotions take place as the result of simple "reclassifications" clearly distinguished from other demotion actions. Each kind of demotion action is just one shade removed in kind from another action. In fact, these distinctions are usually not discernible to the nontechnician; yet the use of the concept and term "reclassification" would limit the coverage of salary retention legislation substantially more than even its sponsors realize. The last few cases listed above by no stretch of the imagination can be considered "reclassifications," yet obviously they involve almost the same equities as those in the first few cases. The concept of reclassification does not give us either a clear-cut or an equitable boundary line to draw.

COMMISSION'S PAY REGULATIONS, SECTIONS 25.103 (E) AND (F)

(e) Employees who on the effective date of title VI of the Classification Act of 1949 occupied positions (1) which immediately prior to such date were subject to the Classification Act of 1923, as amended, (2) which were initially allocated to any of the grades of the Classification Act of 1949 in the manner prescribed therein, and (3) which thereafter are reduced below such grade, may continue to receive the same rates of basic compensation which they received on the effective date of the action taken to reduce the grade of such position, so long as they remain in the same positions which they occupied on the effective date of title VI.

(1) The rate of basic compensation of a subsequent appointee to such position shall be fixed in accordance with the other applicable provisions in this subpart.

(f) Any employee serving continuously in the agency and in the same line of work since the effective date of title VI of the Classification Act of 1949 who, through no fault of his own, is reassigned on or after that date to a position in a lower grade in the same line of work which is identical to a position in the same agency and geographic location occupied by an employee whose salary is determined under the provisions of paragraph (e) of this section may be paid at any rate not in excess of the rate he was receiving in the grade from which reassigned and not in excess of the rate being received by the employee occupying such identical position in the lower grade. This paragraph is effective December 17, 1952, for employees on the rolls of the agency on that date.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D. C., October 31, 1955.

HON. PHILIP YOUNG,
Chairman, United States Civil Service Commission.

DEAR MR. YOUNG: We have considered your letter of October 7, 1955, replying to our letter of September 2, B-104080, concerning the validity of sections 25.401 through 25.408 of the Federal Employees Pay Regulations. The letter of October 7 states that the Civil Service Commission relied upon our decisions (31 Comp. Gen. 6 and 32 Comp. Gen. 527, interpreting sec. 802 (a) of the Classification Act of 1949, 63 Stat. 954) as authority for the issuance of the regulations in question.

In our letter of September 2 we referred to those decisions, pointing out that they were limited in scope to the situations in regard to which they were rendered. Our decision in volume 31, Comptroller General Decisions, page 6, considered a proposed savings regulation which ultimately became section 25.103 (e) of the Federal Employees Pay Regulations. The purpose of that section was to save the compensation of certain registration officers of the Veterans' Administration whose salaries otherwise would have been reduced as a proximate consequence of the enactment of the Classification Act of 1949. Our decision in volume 32, Comptroller General Decisions, page 527, regarding regulation 25.103 (f), relates in general to the same situation. We had believed that the limited scope of those decisions was mutually understood. However, as it now appears that the Commission relies upon them as general authority to regulate concerning compensation without regard to the relationship of positions to the general schedule rates, it seems appropriate to review the pertinent provisions of the Classification Act.

Section 601 of the Classification Act of 1949 provides, for positions to which the act applies, a basic compensation schedule designated as the "general schedule." Section 602 divides the general schedule into 18 grades on the basis of the level of difficulty and responsibility of the work. Also, it sets forth the statutory standards of difficulty and responsibility for positions in each of the 18 grades. The compensation schedule for those grades is established by section 603 (b) of the act, as amended by Public Law 94, approved June 28, 1955. Section 603 (a) of the Classification Act as amended by section 109 (a) of Public Law 763, approved September 1, 1954 (68 Stat. 1105), reads:

"The rates of basic compensation with respect to *officers, employees, and positions* to which this Act applies *shall be in accordance with the compensation schedule contained in subsection (b).*" [Emphasis supplied.]

The regulatory authority of the Civil Service Commission concerning compensation rates is found in section 802 (a) of the Classification Act. That section reads in part as follows:

"The rate of basic compensation to be received by any officer or employee to whom this Act applies shall be governed by regulations issued by the Commission *in conformity with this Act * * *.*" [Emphasis supplied.]

To give appropriate legal effect to the underscored [italicized] mandatory language of section 603 (a) of the act, which, when read with section 602, relates the level of difficulty and responsibility of a position to the basic compensation authorized by section 603 (b) for its appropriate grade in the general schedule, we are required to conclude that the authority granted the Commission to regulate in conformity with the act is subordinate to the language of section 603 (a) thereof.

Accordingly, the views expressed in our letter of September 2, 1955, B-104080, questioning the legality of sections 25.401 through 25.408 of the Federal Employees Pay Regulations, must be sustained, and we will be required to withhold credit for any payments of compensation hereafter made under said sections.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

[Vol. 20, Federal Register No. 221, p. 8443, November 11, 1955]

PART 25—FEDERAL EMPLOYEE'S PAY REGULATIONS
REVOCATION OF SECTIONS

Effective November 1, 1955, sections 25.401 through 25.408 of Subpart D are revoked.

(Sec. 1101, 63 Stat. 971; 5 U. S. C. 1072)

[SEAL]

UNITED STATES CIVIL SERVICE COMMISSION,
WM. C. HULL,
Executive Assistant.

[F. R. Doc. 55-9127; Filed, Nov. 10, 1955; 8:47 a. m.]

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, February 1, 1956.

Hon. PHILIP YOUNG,

Chairman, United States Civil Service Commission.

DEAR MR. YOUNG: Reference is made to your letter of December 22, 1955, advising us that sections 25.401 through 25.408 of the pay regulations, the legality of which was questioned in our decision of October 31, 1955, B-104080 (35 Comp. Gen. 251), have been revoked, and asking certain questions regarding the reissuance of subsections 25.103 (e) and (f) which were administratively revoked when the referred-to invalid regulations were issued by the Commission on July 23, 1955.

You say that subsections 25.103 (e) and (f) were not simultaneously revived upon revocation of sections 25.401 through 25.408 because of the necessity for promptness of revocation of those sections and the fact that the Commission's authority to revive the subsections retroactively might require some study.

You ask whether the Commission is authorized to reissue the former subsections. Also, you ask whether they may be retroactively effective to the date they were revoked or whether there is any objection to the current application of the revived subsections to employees who are covered thereby between July 23, 1955, and the date of reissuance.

Since subsections 25.103 (e) and (f) originally were considered proper to meet the necessity existing therefor, and since the reissuance thereof would not appear to be an amendment increasing or decreasing rights or benefits but instead merely would reestablish the same rights or benefits previously accorded, which reasonably could be said to have been revoked in error, no reason is apparent why they may not be reissued and the provisions thereof applied retroactively to the date administratively revoked; namely, July 23, 1955 (cf. 32 Comp. Gen. 315; 32 Comp. Gen. 527, and cases cited therein).

Your questions are answered accordingly.

Sincerely yours,

(Signed) JOSEPH CAMPBELL,
Comptroller General of the United States.

Public Law 594—84th Congress, Chapter 402—2d Session, H. R. 3255

AN ACT To amend the Classification Act of 1949 to preserve in certain cases the rates of basic compensation of officers and employees whose positions are placed in lower grades by virtue of reclassification actions under such Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title V of the Classification Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"SEC. 507. (a) Each officer or employee subject to this Act—

"(1) who holds, on or after the date of enactment of this section, under a career-conditional or career appointment in the competitive civil service, a position (A) which is in any grade of a basic compensation schedule of this Act (other than grade 16, 17, or 18 of the General Schedule) and (B) which is placed, on or after such date of enactment, while such officer or employee holds such position, in a lower grade of such schedule under any reclassification of such position pursuant to this Act;

"(2) who has held such position for a continuous period of not less than two years ending immediately prior to the date of such reclassification; and

"(3) whose performance of the work of such position at all times during such period is satisfactory or better than satisfactory;

shall continue to receive basic compensation at the rate to which he was entitled immediately prior to such reclassification of his position (including any increases in such rate of basic compensation provided by law at any time while such officer or employee is in such position) until (i) he leaves such position or (ii) he is entitled to receive basic compensation at a higher rate by reason of the operation of this Act; but, whenever such position becomes vacant, the rate of basic compensation of any individual subsequently appointed to such position shall be fixed in accordance with this Act.

"(b) Each officer or employee subject to this Act—

"(1) who, during the period beginning on July 1, 1954, and ending immediately prior to the date of enactment of this section continuously held a position (A) which was in any grade of a basic compensation schedule of this Act (other than grade 16, 17, or 18 of the General Schedule) and (B)

which was placed, at any time during such period, in a lower grade of such schedule under one or more reclassifications of such position pursuant to this Act;

"(2) who holds such position on the date of enactment of this section;

"(3) who has held such position for a continuous period of not less than two years ending immediately prior to the date of enactment of this section; and

"(4) whose performance of the work of such position at all times during such period of two years specified in paragraph (3) of this subsection and also on the date of enactment of this section was satisfactory or better than satisfactory,

shall be granted, effective as of the first day of the first pay period which begins after the date of enactment of this section (if he continues to hold such position on such first day of such first pay period), the rate of basic compensation to which he was entitled immediately prior to such reclassification of his position (or, in the case of more than one reclassification of such position, the date of the first of any such reclassifications), including any increase in such rate of basic compensation provided by law at any time while such officer or employee is in such position, until (i) he leaves such position or (ii) he is entitled to receive basic compensation at a higher rate by reason of the operation of this Act; but, whenever such position becomes vacant, the rate of basic compensation of any individual subsequently appointed to such position shall be fixed in accordance with this Act. No officer or employee shall be entitled by reason of this subsection to basic compensation for any period prior to the first day of the first pay period which begins after the date of enactment of this section."

Approved June 18, 1956.

(d) "Reclassification" means any action lowering the grade of the employee's position without a significant change in duties or responsibilities.

(or alternate)

(d) "Reclassification" means any action lowering the grade of the employee's position, including abolishment and replacement thereof with a successor position.

The following draft was the consensus after the meeting with the General Accounting Office.

"Reclassification" means any action lowering the grade of the employee's position, including abolishment and replacement thereof with a successor position, when there is no material change in duties or responsibilities at the time of such action or within the preceding 2-year period.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D. C., July 11, 1956.

Hon. PHILIP YOUNG,
Chairman, United States Civil Service Commission.

DEAR MR. YOUNG: Your letter of June 26, 1956, encloses a draft of regulations which your Commission proposes to issue under the Classification Act of 1949 as amended by the act of June 18, 1956, Public Law 594, and you say that you would appreciate our "review of these proposed regulations to determine whether they agree with your [our] interpretation of the recent statute."

Representatives of your Commission and those of our Office have conferred regarding the several aspects of the regulations with a view to a better understanding of the points sought to be covered by the regulations.

The only part of the regulations which we find objectionable is that part of section 25.403 (c) relating to the definition of reclassification. As proposed, that definition is as follows:

"(c) 'Reclassification' means any classification action lowering the grade of the employee's position during his incumbency of such position with or without a material change in duties or responsibilities, including abolishment and replacement thereof with a successor position."

The act of June 18, 1956, limits its benefits to officers and employees in respect of the "position" held by them. Since this act does not define what a position is for that purpose and is an amendment of the Classification Act of 1949, the

term "position" of necessity refers to "position" as defined in section 301 (1) of the act, viz:

"For the purposes of this Act, the term (1) 'position' means the work, consisting of the duties and responsibilities, assignable to an officer or employee."

We feel that the proposed definition of "reclassification" as meaning any classification action lowering the grade of the employee's "position" during his incumbency of such "position" whether "with or without a material change in duties or responsibilities," goes beyond the area intended to be covered by the act. We find nothing in the legislative history to support that broad definition. When there has been a material change in the duties and responsibilities of the work performed by the officer or employee at the time of the reclassification action we cannot help but feel that the officer or employee is not holding the same "position"—as that term is defined in the Classification Act of 1949—as that covered by his job classification sheet of record. Where a classification job sheet of record does not currently reflect the duties and responsibilities of the position held at time of reclassification that per se does not ripen into a right in the employee to retain the salary of the higher position. No such intent may be imputed to the act, for certainly no such intent is expressed or implied either in the act or in its legislative history.

Should a case come before us where an attempt is made to save, under the proposed regulation, the salary of an officer or employee at the time of downgrading where the duties and responsibilities of the position had changed materially, we would be compelled to question his entitlement to a saved salary.

Also, the last line of the definition of "reclassification" in section 25.403 (c), reading "including abolishment and replacement thereof with a successor position" is fraught with trouble in its interpretation. There would always be the question of what is a "successor position."

At the conference held between representatives of your Commission and our representatives a suggestion was advanced by your representatives that the objections set forth above possibly could be met by adding at the end of section 25.401 (b) the following words: "or to another position materially differing from his position resulting from a reorganization of duties and responsibilities."

We have given careful consideration to that suggestion but we feel that that addition would always invite the question of what constitutes "reorganization of duties and responsibilities" within the meaning of the regulation and would be difficult to administer. For that reason we are inclined to reject that proposed addition.

In light of the foregoing we would suggest that the proposed definition of reclassification be worded as follows:

(c) "Reclassification" means any classification action lowering the grade of the employee's position during his incumbency of such position without a material change in the duties or responsibilities.

Sincerely yours,

FRANK H. WEITZEL,

Assistant Comptroller General of the United States.

UNITED STATES CIVIL SERVICE COMMISSION,

Washington, D. C., July 13, 1956.

Departmental Circular No. 860, Supplement No. 1.

To: Heads of Departments and Independent Establishments.

Subject: Enactment of H. R. 3255 (Public Law 594), providing for a saved rate of compensation for certain employees under the Classification Act.

INTRODUCTION

On June 19, 1956, the basic departmental circular advised the heads of departments and independent establishments as to the status of the Commission's regulations implementing H. R. 3255. H. R. 3255 became Public Law 594 of the 84th Congress on June 18, 1956. The new law amended title 5 of the Classification Act of 1949, as amended, by adding a new section 507 thereto. The new section requires the mandatory salary retention of an employee's existing rate of basic compensation following demotion from a higher Classification Act grade (other than GS-16, 17, or 18) to a lower Classification Act grade due to the reclassification of his position.

This supplement contains advance notice of the regulations, approved by the Commission and cleared formally with the Comptroller General of the United States, which implement Public Law 594.

MAJOR AREAS

While in large measure the regulations are self-explanatory, the following major areas covered in the regulations are brought to your specific attention.

Reclassification

On the basis of the opinion of the Comptroller General, the term "reclassification" as used in the new regulations is interpreted in its technical sense as a regrading of the position without a significant change in duties or responsibilities. The act limits its benefits to officers and employees in respect of the position held by them. The term position is held to refer to position as defined as section 301 (1) of the Classification Act to mean "the work, consisting of the duties and responsibilities, assignable to an officer or employee." When the classification sheet upon which reclassification action is based shows a material change in the duties and responsibilities of the work performed by the officer or employee from those revealed by his last classification sheet of record, it will be held that he no longer occupies the same position, and he is not entitled to salary retention under the new regulations.

Coverage

The regulations restrict coverage in prospective actions to employees who are in the competitive service holding career or career-conditional appointments. In retroactive actions, the regulations are not so restricted and apply to employees in both competitive and excepted positions serving under any type of appointment.

Saved rates

The Commission has determined that an employee entitled to the benefits of the new law is entitled to a saved rate whether or not his basic rate of compensation prior to demotion falls above or below the maximum scheduled rates of the grade to which demoted. Whether or not the employee's basic rate of compensation prior to demotion falls above or below the maximum rate of the grade to which demoted, the regulations provide an option to agencies to retain such compensation as a saved rate or to raise the employee's rate of basic compensation to a higher step in accordance with the normal compensation rules applicable both to periodic step increases and longevity increases. After initial salary adjustment upon demotion, entitlement to subsequent step increases is determined under the normal rules pertaining to the employee in the grade of the position to which demoted.

Retroactive pay

Your attention is called to the fact that while the regulations provide for retroactive adjustment for actions occurring on or after July 1, 1954, there is no provision for paying an employee at his adjusted rate prior to the effective date set by law.

APPROVED REGULATIONS

The Commission's regulations follow :

"SUBPART D

"SALARY RETENTION

"SEC. 25.401 *Scope.* (a) The regulations in this subpart govern Salary Retention following the demotion of an employee upon reclassification of his position to a lower grade.

"(b) The regulations in this subpart do not apply to the demotion of an employee to another position for personal cause, or at his own request, or in a reduction in force.

"SEC. 25.402. *Employee Coverage.* The regulations in this subpart apply to any employee occupying a position subject to the Classification Act of 1949, as amended, other than in grade 16, 17, or 18 of the General Schedule.

"SEC. 25.403. *Definitions.* As used in this subpart, the term :

"(a) 'Saved rate' means an employee's existing rate of basic compensation immediately prior to demotion ;

"(b) 'Employee' includes officer or employee ;

"(c) 'Reclassification' means any classification action lowering the grade of the employee's position during his incumbency of such position without a material change in duties or responsibilities.

"SEC. 25.404. *Salary Retention Rule.* Any employee holding a career or career-conditional appointment in the competitive service who continues to occupy his position after demotion resulting from the reclassification of his position, who held such position for two years immediately preceding such reclassification, and who has not received a rating of less than satisfactory covering any part of the two-year period served in his position immediately prior to the date of its reclassification shall be entitled to (1) a saved rate, or (2) a rate of basic compensation fixed in accordance with Subpart B of this Part (General Compensation Rules) which is not less than his existing rate of basic compensation.

"SEC. 25.405. *Prior Reclassification Action.* Any employee who occupied a position (other than in grade GS-16, 17, or 18) which was reclassified during the period July 1, 1954, through June 18, 1956, and who continues to occupy his position after demotion resulting from such reclassification shall be entitled to the benefits of this subpart, effective the first day of the first pay period following June 18, 1956, provided:

"(1) He held such position for not less than two years immediately prior to June 18, 1956;

"(2) He has not received a rating of less than satisfactory for June 18, 1956, and the two-year period prescribed in this section; and

"(3) He continues to hold such position on the first day of the first pay period following June 18, 1956.

"SEC. 25.406. *Step Increases.* An employee who receives a saved rate under this subpart shall be eligible to earn periodic and longevity step increases, in the grade to which his position is reclassified, in accordance with the regulations governing step increases under this Part.

"SEC. 25.407. *Termination of Saved Rate.* The saved rate received by an employee shall be terminated when:

"(1) He leaves his position; or

"(2) He receives a rate of basic compensation higher than his saved rate in the position to which demoted through the operation of other provisions of the Classification Act of 1949, as amended.

"SEC. 25.408. *Subsequent Reclassification Action.* Upon further reclassification of his position, an employee receiving a saved rate shall continue to receive such rate unless sooner terminated in accordance with one of the conditions in section 25.407.

"SEC. 25.409. *Salary Increases Authorized by Law.* (a) An employee's saved rate, unless terminated under Section 25.407, shall be increased by any pay increase authorized by law.

"(b) Any employee entitled to the benefits of section 25.405 shall be entitled to a saved rate based on his rate of basic compensation prior to the reclassification as increased by any pay increases authorized by law subsequent to the reclassification action.

"SEC. 25.410. *Effective Date.* Except as otherwise prescribed in section 25.405, any pay adjustments under this subpart shall be effective on the first day of the first pay period following demotion."

Inquiries concerning these regulations from agencies in the Washington area may be directed to Regulations and Instructions Division, Bureau of Programs and Standards, Code 171, Extension 3144. Inquiries concerning position classification matters should be directed to the Bureau of Inspections and Classification Audits. Inquiries in the field should be directed to the appropriate regional or branch office of the Commission.

JOHN W. MACY, Jr.,
Executive Director.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D. C., November 1, 1956.

Hon. PHILIP YOUNG,
Chairman, United States Civil Service Commission.

DEAR MR. YOUNG: Your letter of October 11, 1956, requests us to clarify our decision of July 11, 1956, B-104080, to you, concerning the definition of "reclassification" as that term appears in the Salary Retention Act of June 18, 1956, Public Law 594. Specifically you request answers to two questions stated, as follows:

"1. (a) Does the 'material change' referred to in your decision B-104080 of July 11, 1956, mean a change which in itself would be sufficient to cause the

change in grade? (b) If this is not the only kind of change you would consider material, how should 'material change' be defined?

"2. In arriving at the fact of whether there has or has not been a change in duties or responsibilities, (a) must the original duties and responsibilities be determined from the old classification sheet alone, or (b) is the old sheet open to challenge, variation, or addition through other evidence to the same extent as a new sheet?"

Those questions which, for convenience, will be answered in reverse order, relate to the definition of "reclassification" suggested in our decision of July 11, 1956. That suggested definition which was adopted by your Commission in your regulations, reads as follows:

"(c) 'Reclassification' means any classification action lowering the grade of the employee's position during his incumbency of such position without a material change in the duties or responsibilities."

To base an action under the Salary Retention Act solely upon the old and new job classification sheets in all cases without regard to the actual facts involved—an action which admittedly would eliminate many difficult questions of administration—would not do justice in the majority of cases because we understand that in but very few cases do the old and new job classification sheets contain identical job descriptions and, if not, they would of themselves establish a change in the "position" which, if not otherwise explained or open to question, would bar any salary retention benefits.

If the old job classification sheet, issued more than 2 years prior to the reclassification action, and the new or current job classification sheet reducing the grade of the position, contain identical description of duties and responsibilities they may be accepted as evidence that the employee has held the same position for the 2-year period. However, if the descriptions of the duties and responsibilities in the old and the new job classification sheets differ materially, or if the prior job classification sheet was issued less than 2 years prior to the reclassification action, there must be a factual determination (1) whether the actual change in the duties and responsibilities took place within or outside the 2-year period, or (2) whether the description in the new job classification sheet correctly describes the duties and responsibilities which the employee has performed for the preceding 2 years. Such determination—however onerous it may be—primarily is an administrative matter, and it would not be subject to review by our Office, although doubtless subject to review by your Commission. Question 2 is answered accordingly.

Changes in duties and responsibilities of a position sufficient to warrant a change in the grade of that position certainly would be considered material. Also, even if the changes in duties and responsibilities do not warrant a change in grade, such changes in duties and responsibilities nevertheless could and would be considered material if the nature of the duties and responsibilities are basically changed (cf. 25 Comp. Gen. 62, at top of p. 69). Question 1 is answered accordingly.

Upon further consideration of the matter it now would appear to us that our previously suggested definition of "reclassification," quoted above, would be more effective and more clearly understood if there should be added thereto the following: "during the 2 years immediately preceding the classification action."

Sincerely yours,

(Signed) JOSEPH CAMPBELL,
Comptroller General of the United States.

LEGISLATIVE HISTORY

Public Law 85-737

H. R. 1168

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INDEX AND SUMMARY OF H. R. 1168

- Jan. 3, 1957 Rep. Kelly introduced H. R. 710; Rep. Lesinski introduced H. R. 1168; both bills were referred to Post Office and Civil Service Committee. Prints of bills.
- Jan. 7, 1957 Senator Johnston introduced S. 22 which was referred to Senate Post Office and Civil Service Committee. Print of bill.
- Jan. 10, 1957 Rep. Davis introduced H. R. 2424 which was referred to House Post Office and Civil Service Committee. Print of bill.
- Jan. 30, 1957 Rep. Dorn introduced H. R. 4096 which was referred to House Post Office and Civil Service Committee. Print of bill.
- Feb. 6, 1958 Senator Beall introduced S. 3251 which was referred to Senate Post Office and Civil Service Committee. Print of bill.
- Feb. 19, 1958 Rep. Lankford introduced H. R. 10841 which was referred to House Post Office and Civil Service Committee. Print of bill.
- July 15, 1958 House subcommittee ordered H. R. 1168 reported.
- July 17, 1958 House committee ordered H. R. 1168 reported with amendment.
- July 24, 1958 House committee reported H. R. 1168 with amendments. Print of bill and House Report No. 2269.
- Aug. 4, 1958 House passed H. R. 1168 as reported.
- Aug. 5, 1958 H. R. 1168 referred to Senate Post Office and Civil Service Committee. Print of bill as referred.
- Aug. 7, 1958 Senate committee ordered H. R. 1168 reported without amendment.
- Aug. 11, 1958 Senate committee reported H. R. 1168 without amendment. Print of bill and Senate Report No. 2314.
- Aug. 14, 1958 Senate passed H. R. 1168 without amendment.
- Aug. 23, 1958 Approved: Public Law 85-737.

House hearings were held July 10 and 15, 1958.

DIGEST OF PUBLIC LAW 85-737

PRESERVATION OF SALARIES OF PERSONS IN DOWNGRADED POSITIONS. Clarifies the application of Sec. 507 of the Classification Act of 1949, which relates to the preservation of rates of basic compensation of certain employees whose positions are downgraded, so as to make the preservation of basic compensation applicable to employees reduced in grade in which there has been a change in duties, as well as to employees reduced in grade without a change in duties.

H. R. 710

AN ACT TO AMEND THE ACTS RELATIVE TO THE

NAVY

IN RELATION TO THE PAY AND ALLOWANCES OF OFFICERS AND

A BILL

FOR THE PURPOSE OF AMENDING THE ACTS RELATIVE TO THE

NAVY

IN RELATION TO THE PAY AND ALLOWANCES OF OFFICERS AND

IN RELATION TO THE PAY AND ALLOWANCES OF OFFICERS AND

85TH CONGRESS
1ST SESSION

H. R. 710

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 1957

Mrs. KELLY of New York introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To preserve rates of compensation of wage board employees whose positions are reduced in grade.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That each employee of the Federal Government or of the
4 municipal government of the District of Columbia whose
5 compensation is fixed and adjusted from time to time as
6 nearly as is consistent with the public interest in accord-
7 ance with prevailing rates under authority of section 202 (7)
8 of the Classification Act of 1949, as amended—

9 (1) whose position is placed, on or after the date
10 of enactment of this Act, in a grade which is lower than
11 the grade in which it had theretofore been placed;

1 (2) who has held such position for a continuous
2 period of not less than two years ending immediately
3 prior to the date it is placed in such lower grade;

4 (3) whose performance of the work of such position
5 at all times during such period is satisfactory or better
6 than satisfactory;

7 shall continue to receive basic compensation at the rate
8 to which he was entitled immediately prior to such reclassi-
9 fication of his position (including any increases in such rate
10 of basic compensation granted at any time while such officer
11 or employee is in such position) until (i) he leaves such
12 position or (ii) he is entitled to receive basic compensation
13 at a higher rate by reason of any subsequent reclassification
14 of his position to a higher grade; but, whenever such posi-
15 tion becomes vacant, the rate of basic compensation of any
16 individual subsequently appointed to such position shall be
17 fixed without regard to this Act.

18 SEC. 2. Each employee of the Federal Government or
19 of the municipal government of the District of Columbia
20 whose compensation is fixed and adjusted from time to time
21 as nearly as is consistent with the public interest in accord-
22 ance with prevailing rates under authority of section 202
23 (7) of the Classification Act of 1949, as amended—

24 (1) whose position was placed, at any time during
25 the period beginning on July 1, 1954, and ending

1 immediately prior to the date of enactment of this Act,
2 in a grade which is lower than the grade in which it
3 had theretofore been placed;

4 (2) who holds such position on the date of enact-
5 ment of this Act;

6 (3) who has held such position for a continuous
7 period of not less than two years ending immediately
8 prior to the date of enactment of this Act; and

9 (4) whose performance of the work of such posi-
10 tion at all times during such period of two years speci-
11 fied in paragraph (3) of this section and also on the
12 date of enactment of this Act was satisfactory or better
13 than satisfactory,

14 shall be granted, effective as of the first day of the first
15 pay period which begins after the date of enactment of
16 this Act (if he continues to hold such position on such
17 first day of such first pay period), the rate of basic com-
18 pensation to which he was entitled immediately prior to
19 such reclassification of his position (or, in the case of more
20 than one reclassification of such position, the date of the
21 first of any such reclassifications), including any increases
22 in such rate of basic compensation granted at any time while
23 such officer or employee is in such position, until (i) he
24 leaves such position or (ii) he is entitled to receive basic
25 compensation at a higher rate by reason of any subsequent

1 reclassification of his position to a higher grade; but, when-
2 ever such position becomes vacant, the rate of basic compen-
3 sation of any individual subsequently appointed to such posi-
4 tion shall be fixed without regard to this Act. No officer
5 or employee shall be entitled by reason of this subsection to
6 basic compensation for any period prior to the first day
7 of the first pay period which begins after the date of enact-
8 ment of this Act.

A BILL

To preserve rates of compensation of wage board employees whose positions are reduced in grade.

By Mrs. KELLY of New York

JANUARY 3, 1957

Referred to the Committee on Post Office and Civil Service

85TH CONGRESS
1ST SESSION

H. R. 1168

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 1957

Mr. LESINSKI introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 507 of the Classification Act of 1949, as
4 amended (70 Stat. 291; Public Law 594, Eighty-fourth
5 Congress), is amended to read as follows:

6 “SEC. 507. (a) Subject to the limitation contained in
7 subsection (c) of this section, each officer or employee sub-
8 ject to this Act—

9 “(1) who at any time after June 17, 1956, is or

1 was reduced in grade from any grade of a basic com-
2 pensation schedule of this Act (other than grade 16, 17,
3 or 18 of the General Schedule) ;

4 “(2) who, on the effective date of such reduction
5 in grade, holds or held a career or career-conditional
6 appointment in the competitive civil service or an ap-
7 pointment of equivalent tenure in the excepted service;

8 “(3) whose reduction in grade is not or was not
9 caused by a demotion for personal cause, is not or was
10 not at his own request, and is not or was not effected in
11 a reduction in force due to lack of funds or curtailment
12 of work;

13 “(4) who, for two continuous years immediately
14 prior to such reduction in grade, served (A) in the
15 same department and (B) in the same grade or in the
16 same and higher grades; and

17 “(5) whose performance of work at all times dur-
18 ing such period of two years is or was satisfactory or
19 better than satisfactory,

20 shall be entitled, as of the effective date of such reduction in
21 grade or as of the first day of the first pay period which
22 begins after the date of enactment of this amendment, which-
23 ever is later, unless or until he is entitled to receive basic
24 compensation at a higher rate by reason of the operation of
25 this Act, to receive the rate of basic compensation to which

1 he was entitled immediately prior to such reduction in grade
2 so long as he continues in the same department without any
3 break in service of one workday or more and is not demoted
4 or resigned for personal cause, at his own request, or in a
5 reduction in force due to lack of funds or curtailment of work.

6 “(b) Subject to the limitation contained in subsection
7 (c) of this section, each officer or employee subject to this
8 Act—

9 “(1) who, during the period beginning July 1,
10 1954, and ending June 17, 1956, was reduced in grade
11 from any grade of a basic compensation schedule of this
12 Act (other than grade 16, 17, or 18 of the General
13 Schedule) ;

14 “(2) whose reduction in grade was not caused by
15 a demotion for personal cause, was not at his own re-
16 quest, and was not effected in a reduction in force due
17 to lack of funds or curtailment of work;

18 “(3) who, for two continuous years immediately
19 prior to such reduction in grade, served (A) in the same
20 department and (B) in the same grade or in the same
21 and higher grades;

22 “(4) whose performance of work at all times during
23 such period of two year was satisfactory or better than
24 satisfactory; and

25 “(5) whose employment in the same department

1 has been continuous since such reduction in grade and
2 who, since such reduction in grade, has not been demoted
3 or reassigned for personal cause, at his own request, or
4 in a reduction in force due to lack of funds or curtail-
5 ment of work,

6 shall be entitled, as of the first day of the first pay period
7 which begins after the date of enactment of this amendment,
8 unless or until he is entitled to receive basic compensation at
9 a higher rate by reason of the operation of this Act, to
10 receive the rate of basic compensation to which he was
11 entitled immediately prior to such reduction in grade so long
12 as he continues in the same department without any break
13 in service of one workday or more and is not demoted or
14 reassigned for personal cause, at his own request, or in a
15 reduction in force due to lack of funds or curtailment of work.

16 “(c) The rate of basic compensation to which such
17 officer or employee is entitled under subsection (a) or (b)
18 of this section with respect to each reduction in grade to
19 which this section applies shall not exceed the sum of (1)
20 the minimum scheduled rate of the grade to which he is
21 reduced under each such reduction in grade occurring on or
22 after July 1, 1954, and (2) the difference between his
23 rate immediately prior to the first of such reductions in grade
24 occurring on or after July 1, 1954, and the minimum sched-
25 uled rate of that grade which is three grades lower than the

1 grade from which he was reduced under the first of such
2 reductions in grade.

3 “(d) The Civil Service Commission is authorized to
4 issue regulations to carry out the purposes of this section.”

5 SEC. 2. The amendment made by the first section of
6 this Act to section 507 of the Classification Act of 1949, as
7 amended—

8 (1) shall not be construed to affect (A) the rate
9 of basic compensation determined, at any time prior to
10 the date of enactment of this Act, for any officer or
11 employee under and in accordance with such section
12 507, as enacted by the Act of June 18, 1956 (70 Stat.
13 291; Public Law 594, Eighty-fourth Congress), and
14 (B) the right of such officer or employee to receive
15 for any period, under and in accordance with such sec-
16 tion 507 as so enacted, the payment of such basic com-
17 pensation so determined; and

18 (2) shall not be construed to deprive any officer
19 or employee of any benefit, under and in accordance with
20 such section 507 as so enacted, to which he was entitled
21 prior to the date of enactment of this Act,

22 except that, in the event of any reduction in grade with
23 respect to such officer or employee which occurs on or
24 after the date of enactment of this Act, such rate of basic
25 compensation, and any benefit to which he may be entitled

1 with respect to such reduction in grade, shall be determined
2 in accordance with such section 507, as amended by the
3 first section of this Act.

4 SEC. 3. For the purpose of determining the amount of in-
5 surance for which an individual is eligible under the Federal
6 Employees' Group Life Insurance Act of 1954 (5 U. S. C.
7 2091-2103), all changes in rates of basic compensation by
8 reason of the operation of section 507 of the Classification Act
9 of 1949, as enacted by the Act of June 18, 1956 (70 Stat.
10 291; Public Law 594, Eighty-fourth Congress), or as
11 amended by the first section of this Act, whichever is appli-
12 cable, shall be held and considered to be effective as of the
13 first day of the first pay period following the pay period in
14 which the payroll change is approved with respect to such
15 individual.

A BILL

To clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions.

By Mr. LESINSKI

JANUARY 3, 1957

Referred to the Committee on Post Office and Civil
Service

S. 22

IN THE SENATE OF THE UNITED STATES

JANUARY 7 (legislative day, JANUARY 3), 1957

Mr. JOHNSTON of South Carolina introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

A BILL

To preserve rates of compensation of wage board employees whose positions are reduced in grade.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That each employee of the Federal Government or of the
4 municipal government of the District of Columbia whose
5 compensation is fixed and adjusted from time to time as
6 nearly as is consistent with the public interest in accordance
7 with prevailing rates under authority of section 202 (7) of
8 the Classification Act of 1949, as amended—

9 (1) whose position is placed, on or after the date
10 of enactment of this Act, in a grade which is lower than
11 the grade in which it had theretofore been placed;

(2) who has held such position for a continuous period of not less than two years ending immediately prior to the date it is placed in such lower grade;

(3) whose performance of the work of such position at all times during such period is satisfactory or better than satisfactory;

shall continue to receive basic compensation at the rate to which he was entitled immediately prior to such reclassification of his position (including any increases in such rate of basic compensation granted at any time while such officer or employee is in such position) until (i) he leaves such position or (ii) he is entitled to receive basic compensation at a higher rate by reason of any subsequent reclassification of his position to a higher grade; but, whenever such position becomes vacant, the rate of basic compensation of any individual subsequently appointed to such position shall be fixed without regard to this Act.

SEC. 2. Each employee of the Federal Government or of the municipal government of the District of Columbia whose compensation is fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates under authority of section 202 (7) of the Classification Act of 1949, as amended—

(1) whose position was placed, at any time during the period beginning on July 1, 1954, and ending imme-

1 diately prior to the date of enactment of this Act, in
2 a grade which is lower than the grade in which it had
3 theretofore been placed;

4 (2) who holds such position on the date of enact-
5 ment of this Act;

6 (3) who has held such position for a continuous
7 period of not less than two years ending immediately
8 prior to the date of enactment of this Act; and

9 (4) whose performance of the work of such posi-
10 tion at all times during such period of two years speci-
11 fied in paragraph (3) of this section and also on the
12 date of enactment of this Act was satisfactory or better
13 than satisfactory,

14 shall be granted, effective as of the first day of the first pay
15 period which begins after the date of enactment of this Act
16 (if he continues to hold such position on such first day of
17 such first pay period), the rate of basic compensation to
18 which he was entitled immediately prior to such reclassifi-
19 cation of his position (or, in the case of more than one
20 reclassification of such position, the date of the first of any
21 such reclassifications), including any increases in such rate
22 of basic compensation granted at any time while such officer
23 or employee is in such position, until (i) he leaves such
24 position or (ii) he is entitled to receive basic compensation
25 at a higher rate by reason of any subsequent reclassification

1 of his position to a higher grade; but, whenever such posi-
2 tion becomes vacant, the rate of basic compensation of any
3 individual subsequently appointed to such position shall be
4 fixed without regard to this Act. No officer or employee
5 shall be entitled by reason of this subsection to basic com-
6 pensation for any period prior to the first day of the first
7 pay period which begins after the date of enactment of this
8 Act.

A BILL

To preserve rates of compensation of wage board employees whose positions are reduced in grade.

By Mr. JOHNSTON of South Carolina

JANUARY 7 (legislative day, JANUARY 3), 1957

Read twice and referred to the Committee on Post
Office and Civil Service

85TH CONGRESS
1ST SESSION

H. R. 2424

IN THE HOUSE OF REPRESENTATIVES

JANUARY 10, 1957

Mr. DAVIS of Georgia introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To preserve rates of compensation of wage board employees whose positions are reduced in grade.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That each employee of the Federal Government or of the
4 municipal government of the District of Columbia whose
5 compensation is fixed and adjusted from time to time as
6 nearly as is consistent with the public interest in accordance
7 with prevailing rates under authority of section 202 (7) of
8 the Classification Act of 1949, as amended—

9 (1) whose position is placed, on or after the date
10 of enactment of this Act, in a grade which is lower than
11 the grade in which it had theretofore been placed;

(2) who has held such position for a continuous period of not less than two years ending immediately prior to the date it is placed in such lower grade;

(3) whose performance of the work of such position at all times during such period is satisfactory or better than satisfactory;

shall continue to receive basic compensation at the rate to which he was entitled immediately prior to such reclassification of his position (including any increases in such rate of basic compensation granted at any time while such officer or employee is in such position) until (i) he leaves such position or (ii) he is entitled to receive basic compensation at a higher rate by reason of any subsequent reclassification of his position to a higher grade; but, whenever such position becomes vacant, the rate of basic compensation of any individual subsequently appointed to such position shall be fixed without regard to this Act.

SEC. 2. Each employee of the Federal Government or of the municipal government of the District of Columbia whose compensation is fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates under authority of section 202 (7) of the Classification Act of 1949, as amended—

(1) whose position was placed, at any time during the period beginning on July 1, 1954, and ending im-

diately prior to the date of enactment of this Act, in a grade which is lower than the grade in which it had theretofore been placed;

(2) who holds such position on the date of enactment of this Act;

(3) who has held such position for a continuous period of not less than two years ending immediately prior to the date of enactment of this Act; and

(4) whose performance of the work of such position at all times during such period of two years specified in paragraph (3) of this section and also on the date of enactment of this Act was satisfactory or better than satisfactory,

shall be granted, effective as of the first day of the first pay period which begins after the date of enactment of this Act (if he continues to hold such position on such first day of such first pay period), the rate of basic compensation to which he was entitled immediately prior to such reclassification of his position (or, in the case of more than one reclassification of such position, the date of the first of any such reclassifications), including any increases in such rate of basic compensation granted at any time while such officer or employee is in such position, until (i) he leaves such position or (ii) he is entitled to receive basic compensation at a higher rate by reason of any subsequent reclassification

1 of his position to a higher grade; but, whenever such posi-
2 tion becomes vacant, the rate of basic compensation of any
3 individual subsequently appointed to such position shall be
4 fixed without regard to this Act. No officer or employee
5 shall be entitled by reason of this subsection to basic com-
6 pensation for any period prior to the first day of the first
7 pay period which begins after the date of enactment of this
8 Act.

A BILL

To preserve rates of compensation of wage board employees whose positions are reduced in grade.

By Mr. DAVIS of Georgia.

JANUARY 10, 1957

Referred to the Committee on Post Office and Civil Service

85TH CONGRESS
1ST SESSION

H. R. 4096

IN THE HOUSE OF REPRESENTATIVES

JANUARY 30, 1957

Mr. DORN of New York introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To preserve rates of compensation of wage board employees whose positions are reduced in grade.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That each employee of the Federal Government or of the
4 municipal government of the District of Columbia whose
5 compensation is fixed and adjusted from time to time as
6 nearly as is consistent with the public interest in accordance
7 with prevailing rates under authority of section 202 (7)
8 of the Classification Act of 1949, as amended—

9 (1) whose position is placed, on or after the date
10 of enactment of this Act, in a grade which is lower than
11 the grade in which it had theretofore been placed;

(2) who has held such position for a continuous period of not less than two years ending immediately prior to the date it is placed in such lower grade;

(3) whose performance of the work of such position at all times during such period is satisfactory or better than satisfactory;

shall continue to receive basic compensation at the rate to which he was entitled immediately prior to such reclassification of his position (including any increases in such rate of basic compensation granted at any time while such officer or employee is in such position) until (i) he leaves such position or (ii) he is entitled to receive basic compensation at a higher rate by reason of any subsequent reclassification of his position to a higher grade; but, whenever such position becomes vacant, the rate of basic compensation of any individual subsequently appointed to such position shall be fixed without regard to this Act.

SEC. 2. Each employee of the Federal Government or of the municipal government of the District of Columbia whose compensation is fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates under authority of section 202 (7) of the Classification Act of 1949, as amended—

(1) whose position was placed, at any time during the period beginning on July 1, 1954, and ending

1 immediately prior to the date of enactment of this Act,
2 in a grade which is lower than the grade in which it
3 had theretofore been placed;

4 (2) who holds such position on the date of enact-
5 ment of this Act;

6 (3) who has held such position for a continuous
7 period of not less than two years ending immediately
8 prior to the date of enactment of this Act; and

9 (4) whose performance of the work of such posi-
10 tion at all times during such period of two years specified
11 in paragraph (3) of this section and also on the date
12 of enactment of this Act was satisfactory or better
13 than satisfactory.

14 shall be granted, effective as of the first day of the first pay
15 period which begins after the date of enactment of this Act
16 (if he continues to hold such position on such first day of such
17 first pay period), the rate of basic compensation to which he
18 was entitled immediately prior to such reclassification of his
19 position (or, in the case of more than one reclassification of
20 such position, the date of the first of any such reclassifica-
21 tions), including any increases in such rate of basic compen-
22 sation granted at any time while such officer or employee is
23 in such position, until (i) he leaves such position or (ii)
24 he is entitled to receive basic compensation at a higher rate
25 by reason of any subsequent reclassification of his position

1 to a higher grade; but, whenever such position becomes
 2 vacant, the rate of basic compensation of any individual
 3 subsequently appointed to such position shall be fixed with-
 4 out regard to this Act. No officer or employee shall be
 5 entitled by reason of this subsection to basic compensation
 6 for any period prior to the first day of the first pay period
 7 which begins after the date of enactment of this Act.

85TH CONGRESS
 1ST SESSION

H. R. 4096

A BILL

To preserve rates of compensation of wage-board employees whose positions are reduced in grade.

By Mr. Dorn of New York

JANUARY 30, 1957

Referred to the Committee on Post Office and Civil Service

S. 3251

IN THE SENATE OF THE UNITED STATES

February 5, 1911.

Mr. Tamm introduced the following bill, which was read twice and passed
on this 5th day of February, 1911.

A BILL

to provide for the construction of a new building for the
purpose of housing the records of the Senate.

Be it enacted by the Senate and House of Representatives

in Congress assembled, That the Secretary of the Senate be and he

do is authorized to cause to be constructed a new building for the

S. 3251

IN THE SENATE OF THE UNITED STATES

FEBRUARY 6, 1958

Mr. BEALL introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

A BILL

To preserve rates of compensation of wage board employees whose positions are reduced in grade.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That each employee of the Federal Government or of the
4 municipal government of the District of Columbia whose
5 compensation is fixed and adjusted from time to time as
6 nearly as is consistent with the public interest in accordance
7 with prevailing rates under authority of section 202 (7) of
8 the Classification Act of 1949, as amended—

9 (1) whose position is placed, on or after the date
10 of enactment of this Act, in a grade which is lower than
11 the grade in which it had theretofore been placed;

(2) who has held such position for a continuous period of not less than two years ending immediately prior to the date it is placed in such lower grade;

(3) whose performance of the work of such position at all times during such period is satisfactory or better than satisfactory;

shall continue to receive basic compensation at the rate to which he was entitled immediately prior to such reclassification of his position (including any increases in such rate of basic compensation granted at any time while such officer or employee is in such position) until (i) he leaves such position or (ii) he is entitled to receive basic compensation at a higher rate by reason of any subsequent reclassification of his position to a higher grade; but, whenever such position becomes vacant, the rate of basic compensation of any individual subsequently appointed to such position shall be fixed without regard to this Act.

SEC. 2. Each employee of the Federal Government or of the municipal government of the District of Columbia whose compensation is fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates under authority of section 202 (7) of the Classification Act of 1949, as amended—

(1) whose position was placed, at any time during the period beginning on July 1, 1954, and ending imme-

diately prior to the date of enactment of this Act, in a grade which is lower than the grade in which it had theretofore been placed;

(2) who holds such position on the date of enactment of this Act;

(3) who has held such position for a continuous period of not less than two years ending immediately prior to the date of enactment of this Act; and

(4) whose performance of the work of such position at all times during such period of two years specified in paragraph (3) of this section and also on the date of enactment of this Act was satisfactory or better than satisfactory,

shall be granted, effective as of the first day of the first pay period which begins after the date of enactment of this Act (if he continues to hold such position on such first day of such first pay period), the rate of basic compensation to which he was entitled immediately prior to such reclassification of his position (or, in the case of more than one reclassification of such position, the date of the first of any such reclassifications), including any increases in such rate of basic compensation granted at any time while such officer or employee is in such position, until (i) he leaves such position or (ii) he is entitled to receive basic compensation at a higher rate by reason of any subsequent reclassification

1 of his position to a higher grade; but, whenever such posi-
2 tion becomes vacant, the rate of basic compensation of any
3 individual subsequently appointed to such position shall be
4 fixed without regard to this Act. No officer or employee
5 shall be entitled by reason of this subsection to basic com-
6 pensation for any period prior to the first day of the first
7 pay period which begins after the date of enactment of this
8 Act.

A BILL

To preserve rates of compensation of wage board employees whose positions are reduced in grade.

By Mr. BEALL

FEBRUARY 6, 1958

Read twice and referred to the Committee on Post
Office and Civil Service

H. R. 10841

IN THE HOUSE OF REPRESENTATIVES

January 1, 1900

Report of the Committee on the Judiciary,
on the bill (H. R. 10841) to amend the act
approved March 3, 1879, entitled "An Act
to provide for the better regulation of the
practice of medicine in the District of Columbia."

COMMITTEE ON THE JUDICIARY.

A BILL

To provide for the better regulation of the
practice of medicine in the District of Columbia.

85TH CONGRESS
2D SESSION

H. R. 10841

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 19, 1958

Mr. LANKFORD introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To preserve rates of compensation of wage board employees whose positions are reduced in grade.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That each employee of the Federal Government or of the
4 municipal government of the District of Columbia whose
5 compensation is fixed and adjusted from time to time as
6 nearly as is consistent with the public interest in accordance
7 with prevailing rates under authority of section 202 (7) of
8 the Classification Act of 1949, as amended—
9 (1) whose position is placed, on or after 1 January
10 1958 in a grade which is lower than the grade in which
11 it had theretofore been placed;

(2) who has held such position for a continuous period of not less than four years ending immediately prior to the date it is placed in such lower grade;

(3) whose performance of the work of such position at all times during such period is satisfactory or better than satisfactory; shall continue to receive basic compensation at the rate to which he was entitled immediately prior to such reclassification of his position (including any increases in such rate of basic compensation granted at any time while such officer or employee is in such position) for (i) a period not to exceed two years or until (ii) he leaves such position or until (iii) he is entitled to receive basic compensation at a higher rate by reason of any subsequent reclassification of his position to a higher grade; but, whenever such position becomes vacant, the rate of basic compensation of any individual subsequently appointed to such position shall be fixed without regard to this Act.

85TH CONGRESS
2d Session

H. R. 10841

A BILL

To preserve rates of compensation of wage board employees whose positions are reduced in grade.

By Mr. LANKFORD

FEBRUARY 19, 1958

Referred to the Committee on Post Office and Civil Service

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued July 16, 1958

For actions of July 15, 1958

85th-2d, No. 118

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate committee reported trade agreements extension bill. Sen. Johnson announced delay in debate on farm bill. House committee reported bill to amend Federal Seed Act. Both Houses received President's message for study of Fed.-pay systems. House subcommittee tentatively agreed to amendments to Packers-Stockyards bill.

HOUSE

1. SEED MARKETING. The Agriculture Committee reported without amendment S. 1939, to make various amendments to the Federal Seed Act regarding labeling requirements (H. Rept. 2160). p. 12649
2. MEATPACKERS. The "Daily Digest" states that the Livestock and Feed Grains Subcommittee of the Agriculture Committee "met in executive session and tentatively agreed on certain amendments to H. R. 9020, the packers and stockyards bill." p. D681
3. FEDERAL-STATE RELATIONS. Began debate on H. R. 3, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws. pp. 12607-627
4. EDUCATION. The Education and Labor Committee reported without amendment H. R. 13247, to strengthen the national defense and to encourage and assist in the expansion and improvement of educational programs to meet critical needs (H. Rept. 2157). p. 12649

House - July 15, 1958

5. DESERT-LAND ENTRIES. A subcommittee of the Interior and Insular Affairs Committee ordered reported with amendment S. 359, to permit desert-land entries on disconnected tracts of lands which, in the case of any 1 entryman, form a compact unit and do not exceed in the aggregate 320 acres. p. D682
6. PUBLIC LANDS. A subcommittee of the Interior and Insular Affairs Committee ordered reported S. 3569, to authorize the Secretary of the Interior to exchange Federal lands for certain lands owned by Utah. p. D682
7. WATER POLLUTION. A subcommittee of the Public Works Committee ordered reported with amendment H. R. 11714, to amend the Federal Water Pollution Act so as to increase the limitation on certain grants for construction from \$250,000 to \$500,000. p. D682
8. PERSONNEL. A subcommittee of the Post Office and Civil Service Committee ordered reported H. R. 1168, to clarify the application of Sec. 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain employees in cases involving downgrading actions. p. D682
- Both Houses received from the President a message recommending establishment of a Joint Commission on the Civilian Employee Compensation Policy of the Federal Government to study all compensation systems in the three branches of the Federal Government and to report thereon before Jan. 1, 1960. pp. 12562, 12600-01
9. APPROPRIATIONS. Conferees were appointed on H. R. 12858, the public works appropriations bill for 1959. Senate conferees have not yet been appointed. pp. 12601-02
10. PUBLIC WORKS. The Judiciary Committee tabled H. R. 9374, to require bonds for certain public works construction contracts. p. D682
11. SMALL BUSINESS. The Ways and Means Committee ordered reported H. R. 13382, the proposed Small Business Tax Revision Act of 1959. p. D683
12. AREA REDEVELOPMENT. Rep. Van Zandt urged that a rule be requested and granted immediately on S. 3685, the area redevelopment bill, so that the legislation may be considered during this session of Congress. p. 12702
13. FORESTRY. Received from the Comptroller General a report on the review of activities of region 6 of the Forest Service. p. 12649

SENATE

14. TRADE AGREEMENTS. The Finance Committee reported with amendments H. R. 12591, to amend and extend the Reciprocal Trade Agreements Act (S. Rept. 1838). pp. 12533-5
- Sen. Douglas read a list of the 48 industries which have applied for escape clause investigation in the last 10 years, concluded that "the list indicates that the reciprocal-trade program has not done much damage to American industry," and inserted a statement by the American Ass'n of Hardwood Plywood Users. pp. 12538-9
- On July 10, Sen. Kennedy submitted (for himself and Sens. Humphrey, Douglas, Javits, and Neuberger) an amendment to H. R. 12591, to extend the Trade Agreements Act. The amendment would add a Title II, to establish a Trade Adjustment Board which would aid communities, industries, enterprises and individuals in

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 18, 1958
For actions of July 17, 1958
85th-2d, No. 120

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HIGHLIGHTS: House committee ordered reported bill to facilitate insured loans by USDA. Rep. Hill urged prompt enactment of farm legislation. Rep. Cooley criticized USDA position on barter program. Rep. Martin introduced and discussed Administration bill for study of Federal pay systems. House received conference report on Labor-HEW appropriation bill. Senate debated trade agreements extension bill. Senate committee ordered reported accrued expenditures budgeting bill.

SENATE

- 1. TRADE AGREEMENTS.** Continued debate on H. R. 12591, the trade agreements extension bill (pp. 12822-39, 12842-54, 12855-69, 12871-12914). Adopted an amendment by Sen. Capehart to request the Tariff Commission to study the advisability of basing tariff rates upon the wage rates paid in the respective countries (p. 12903).
Rejected, 4 to 85, an amendment by Sen. Clark to make the Trade Agreements Act permanent (pp. 12864-9).
- 2. BUDGETING.** The Appropriations Committee ordered reported with amendments H. R. 8002, the accrued-expenditures budgeting bill. p. D691
- 3. LOW-INCOME FARMERS.** Sen. Hoblitzell inserted a chapter, from a book on Resource Training, which discussed how low incomes in agriculture can be improved through area development or rural development projects. pp. 12821-2
- 4. CORN.** Sens. Murray and Flanders were added as cosponsors to S. J. Res. 105, to designate the golden corn tassel as the national floral emblem. p. 12917

HOUSE

July 17, 1958

5. FARM LOANS; FORESTRY. The Agriculture Committee ordered reported H. R. 10965, to improve the insured-loans program under Title I of the Bankhead-Jones Farm Tenant Act; H. R. 12494, with amendment, to authorize the Secretary in selling certain lands to N. C. to permit the State to sell or exchange such lands for private purposes; and H. R. 8481, to extend the forestry provisions of the Agricultural Act of 1956 to Hawaii. p. D694
6. FEDERAL-STATE RELATIONS. Passed, 241 to 155, with amendments H. R. 3, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws. pp. 12784-818
Agreed, 206 to 88, to an amendment by Rep. Willis which specifically provides for the enforcement of State statutes prescribing criminal penalties for subversive activities. pp. 12793-97
Rejected an amendment by Rep. Withrow to exclude from the bill any act of Congress relating to common carriers and their employees operating in interstate commerce. pp. 12801-02
7. PERSONNEL. The Post Office and Civil Service Committee reported with amendment S. 25, to specify the effective date upon which changes in pay of wage-board employees shall begin following the start of a survey (H. Rept. 2207). p. 12813
The Post Office and Civil Service Committee ordered reported with amendment
8. H. R. 1168, to clarify the application of Sec. 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain employees in cases involving downgrading actions. p. D695
The committee appointed special subcommittees to consider H. R. 9407, to provide additional opportunity for certain employees to obtain career-conditional and career appointments in the competitive service; and H. R. 6552, to authorize the noncompetitive acquisition of a competitive status by employees with a service-connected disability.
8. WATER POLLUTION. The Public Works Committee reported without amendment H. R. 13420, to amend the Federal Water Pollution Act so as to increase the limitation on certain grants for construction from \$250,000 to \$500,000 (H. Rept. 2212). p. 12813
9. ONION FUTURES. Conferees were appointed on H. R. 376, to prohibit trading in onion futures and remove onions from regulations under the Commodity Exchange Act. Senate conferees have not been appointed. p. 12781
10. APPROPRIATIONS. Received the conference report on H. R. 11645, the Labor-HEW appropriation bill for 1959 (H. Rept. 2220). With regard to the Mexican Farm Labor program, agreed to restore the House language to provide \$480,600 for determining compliance with contracts under the program, and to provide \$1,550,000 for administration of the program, instead of \$2,250,000 as proposed by the Senate. pp. 12782-84, 12813
11. FARM PROGRAM. Rep. Hill urged the House to "pass an agricultural bill similar to that pending before the Senate," with the inclusion of provisions for the extension of Public Law 480 and the Wool Act. He criticized "political opportunists ... trying to farm the farmer instead of working for sound, beneficial agricultural legislation and programs." p. 12810

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HOUSE

9. MARKETING; LOANS. Rejected, 164 to 211, a resolution for consideration of H. R. 4504, to guarantee loans for improvement and development of central markets for perishable agricultural commodities. pp. 13596-605
10. REA. Rep. Christopher commended the REA program and urged enactment of legislation to transfer to the REA Administrator those functions given to the Secretary of Agriculture in Reorganization Plan No. 2 of 1953. pp. 13621-2
11. APPROPRIATIONS. Passed without amendment H. R. 13489, military construction appropriations for 1959 (pp. 13562-95). Reps. Cannon and Taber criticized the Senate for passing bills granting direct borrowing authority or public debt transactions when such bills did not originate in the House, contending that this evaded the Constitutional requirement that all appropriations originate in the House (pp. 13573-4)
Received the conference report on H. R. 13066, the legislative branch appropriation bill for 1959 (H. Rept. 2275). pp. 13595-6, 13623.
12. TRANSPORTATION. Received the conference report on S. 3778, to strengthen the national transportation system (H. Rept. 2274) (pp. 13606-10, 13623). The conferees agreed to freeze the agricultural commodities exemption in accordance with ICC Ruling 107, modified to return to economic regulation frozen fruits, frozen berries, frozen vegetables, cocoa beans, coffee beans, tea, bananas, hemp, wool imports, wool tops and noils and wool waste which has been carded, spun, woven, or knitted; and to exempt the transportation of cooked or uncooked (including breaded) fish or shell fish when frozen or fresh, but not if treated for preserving (canned, smoked, pickled, spiced, corned or kippered products). The conferees also agreed to allow truckers engaged in such transportation as of May 1, 1958, to become certified.
13. MINERALS. The Interior and Insular Affairs Committee reported with amendments S. 3199, to specify the period for doing annual assessment work on unpatented mineral claims and suspending such work for the year ending July 1, 1958 (H. Rept. 2262). p. 13623
The Interior and Insular Affairs Committee reported with amendments S. 3817, to authorize loans for the development of mineral resources in the U. S. (H. Rept. 2276). p. 13623
14. PERSONNEL. The Post Office and Civil Service Committee reported with amendments H. R. 1168, to restore the pay of officers or employees to the level of the grade held before downgrading in certain cases. (H. Rept. 2269). p. 13623
15. HOUSING. The Housing Subcommittee ordered reported to the Banking and Currency Committee a committee print with respect to general housing legislation. p. D732
16. DESERT-LAND ENTRIES. The Interior and Insular Affairs Committee ordered reported with amendment S. 359, to permit desert land entries on disconnected tracts of land aggregating less than 320 acres and form a compact unit. p. D733
17. CHEMICAL ADDITIVES. The Rules Committee denied the granting of a rule on H. R. 9521, to amend the Federal Food, Drug, and Cosmetic Act so as to revise the definition of the term "chemical additive" to provide that it shall not include any pesticide chemicals when used in or on any raw agricultural commodity which is produced from the soil. p. D733

18. SCHOOL LUNCH. Rep. Barrett urged increased appropriations for the school lunch program and legislation to broaden the commodity distribution program to include a wider variety of foods. pp. 13584-5
19. LEGISLATIVE PROGRAM. Rep. McCormack announced that except for the conference report on the legislative appropriation bill there was no legislative business on Fri., July 25, and that there will be no roll call votes until Wed., July 30. p. 13618

ITEMS IN APPENDIX

20. FOREIGN AID. Sen. Dirksen inserted a statement prepared by ICA refuting certain allegations of maladministration of foreign aid programs made before Senate and House Committees by witnesses. pp. A6641-2
21. FORESTRY. Rep. McIntire inserted a report on Squaw Mountain Lookout and its relationship to the development of our Nation's forest fire fighting system. pp. A6648-9
Rep. Sikes inserted an article describing the expansion of the southern pulp and paper industry during the past 20 years. pp. A6678-9
22. FISHERIES. Extension of remarks of Rep. Pelly urging enactment of legislation to aid certain fish farmers. p. A6649
23. SURPLUS FOOD. Rep. McGovern stated that "for the past several years high administration officials and particularly the Secretary of Agriculture have bemoaned the existence of surplus farm commodities in the United States," and inserted an editorial, "Food Supply Shortage Seen If War Comes." p. A6651
24. FARM PROGRAM. Speech in the House of Rep. Cannon criticizing the administration's farm program. pp. A6679-83
25. DEPRESSED AREAS. Rep. Scott inserted an article, "Depressed Areas Need Help of Congress Now." p. A6672
26. STATEHOOD. Sen. Neuberger inserted an article commending Dr. Ernest Gruening for his work and efforts toward statehood for Alaska. pp. A6661-2
Sen. Neuberger inserted several articles expressing interest in the characteristics and the economic future of Alaska. pp. A6664-6

BILLS INTRODUCED

27. FLAG. H. R. 13522, by Rep. Bartlett, to provide for the arrangement of the stars of the union on the flag of the United States after the admission of new States into the Union; to Judiciary Committee.
28. RECLAMATION. H. R. 13523, by Rep. Chenoweth, to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado; to Interior and Insular Affairs Committee.
29. PROPERTY. H. R. 13525, by Rep. Dawson, Ill. (by request), to amend the Federal Property and Administrative Services Act of 1949 to extend the authority of the Administrator of General Services to pay direct expenses in connection with the utilization of excess property; to Government Operations Committee.

PRESERVATION OF BASIC COMPENSATION IN DOWNGRADING ACTIONS

JULY 24, 1958—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mrs. GRANAHAH, from the Committee on Post Office and Civil Service, submitted the following

R E P O R T

[To accompany H. R. 1168]

The Committee on Post Office and Civil Service, to whom was referred the bill (H. R. 1168) to clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

AMENDMENTS

The amendments are as follows:

- (1) Page 2, line 7, immediately before the semicolon insert "or holds or held a position outside the competitive civil service and the excepted service as an officer or employee of the Library of Congress, of the Architect of the Capitol, of the Botanic Garden, or of the municipal government of the District of Columbia".
- (2) Page 2, line 25, immediately after the comma insert "or until the expiration of a period of two years immediately following the effective date of such reduction in grade or immediately following the first day of such first pay period, as applicable,".
- (3) Page 4, line 9, immediately following the comma insert "or until the expiration of a period of two years immediately following the first day of such first pay period, as applicable,".
- (4) Page 5, line 8, insert the word "saved" immediately before the word "rate".

PURPOSE OF AMENDMENTS

The purpose of the first amendment is to extend coverage of this legislation to officers and employees in those positions under the Library of Congress, the Architect of the Capitol, the Botanic Garden, and the municipal government of the District of Columbia, for

which rates of compensation are fixed in accordance with the Classification Act of 1949 but which nevertheless are not in the competitive civil service or the excepted service.

The purpose of the second amendment is to limit to a period of 2 years the time during which the compensation of any employee shall be maintained, in accordance with this legislation, at a rate higher than the rate of compensation provided for such employee's position by the Classification Act of 1949, as amended, without regard to this legislation. This second amendment applies with respect to employees whose positions shall have been reduced in grade on or after June 18, 1956, the date of approval of Public Law 594, 84th Congress.

The purpose of the third amendment is similar to the purpose of the second amendment, set forth above, except that such third amendment applies with respect to employees whose positions were reduced in grade during the period beginning July 1, 1954, the effective date of the salary protection provided for by Public Law 594, and ending on June 17, 1956, the day immediately preceding the date of approval of Public Law 594.

The purpose of the fourth amendment is to clarify the intention of paragraph (1) of section 2 of this legislation that enactment of this legislation shall not affect any rate of compensation which is protected in accordance with Public Law 594, 84th Congress, as in effect immediately prior to the enactment of this legislation.

STATEMENT

PURPOSE, EFFECT, AND COST OF LEGISLATION

The purpose of the reported bill, as indicated in the title thereof, is to clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions. Such section 507 was enacted into law by Public Law 594, 84th Congress, approved July 18, 1956, which has afforded salary protection for certain officers and employees whose positions are reduced in grade without their fault, provided certain stipulated conditions are met.

The effect of this legislation will be to remove inequities in the cases of Federal employees whose positions have been, or are, reduced in grade through no fault of their own but who, because of the very limited conditions set forth in Public Law 594, have been denied the protection intended to be afforded by that Act to such employees as members of a general class. Although salary protection of the kind contemplated by Public Law 594 will be extended by this legislation to an additional number of employees, it is estimated that the additional cost will be negligible since, by the adoption of the second and third committee amendments, as discussed above, salary protection will be limited to a period of 2 years following the effective date of each downgrading action or following the date of enactment of H. R. 1168, whichever date occurs later, whereas Public Law 594 contains no such time limitation on salary protection. The Civil Service Commission, which submitted a favorable report on this legislation with the concurrence of the Bureau of the Budget, included no estimate of additional cost in its report.

NEED FOR SALARY PROTECTION

Under the existing system for the classification of Federal positions, the classification—that is, the grade in which each position is placed under the Classification Act of 1949—is subject to review by the Civil Service Commission as well as by the department or agency concerned. Such review at times results in the reduction of the position from one grade level to a lower grade level, with consequent reduction in the salary attached to the position. Such reduction in grade and salary in effect is a determination that the previously existing grade and salary are higher than justified by the level of duties and responsibilities of the position. This is in accordance with the basic principle of equal pay for substantially equal work and appropriate differences in pay for differing levels of duties and responsibilities.

When such a reclassification occurs, however, there is a damaging impact on the employee involved. Notwithstanding satisfactory service by the employee and the fact that he may continue to perform the same duties after the reclassification action, he must suffer a reduction in salary through no fault of his own. There is no redress or relief, except to the extent that the Congress grants specific relief. Such an employee has been, and is, performing all of the duties required of him in his position. Naturally, also, he has adjusted his standard of living and that of his family, and has assumed obligations, in reliance upon the salary prescribed for his position prior to the reclassification. Suddenly, this salary is taken away and a lower salary is substituted. Needless to say, this has a strong adverse effect, and may create real hardship for the employee and his family. He no longer is in a position to meet his obligations or care for his family as he had planned. Nor is it to be expected that an employee treated in this manner will feel that his efforts for his employer are appreciated—with consequent destructive effect on employee morale.

Public Law 594, 84th Congress, was intended to protect employees from inequities and hardships resulting from reclassification actions, but has fallen short of full accomplishment of this objective. As the first major step to provide a special exception from the necessarily strict principles for the classification of Federal positions and the establishment of appropriate salaries therefor, Public Law 594 contained certain limitations designed to apply its protection to those classes of downgrading actions which, at the time the legislation was being considered, had been brought to the attention of the committee. Such instances related generally to employees who had occupied the *same positions* for at least 2 years before the effective dates of downward reclassifications of their positions. Thus, other instances with respect to which equal equities might exist then or in the future were not considered and were not provided for in Public Law 594. Shortly after approval of Public Law 594, certain of such other instances came to attention, and the Civil Service Commission, in its original draft of regulations under Public Law 594, proposed to deal with them. However, in view of the specific limitations contained in Public Law 594, the Comptroller General of the United States ruled that such proposed regulations would extend beyond the authority of Public Law 594 and, accordingly, could not be approved. The regulations were

redrafted and issued in strict accordance with the language contained in Public Law 594. Thereafter, certain decisions of the Comptroller General in individual cases submitted to him for rulings confirmed the limited applicability of Public Law 594, particularly with respect to the question of any employee who did not occupy the *same position* for at least 2 years prior to the effective date of the downgrading of his position.

APPROPRIATE MEASURE OF SALARY PROTECTION AFFORDED

H. R. 1168 clarifies the purpose intended to be accomplished by Public Law 594 by revising the principles and limitations contained in that law so as to provide an adequate measure of protection against salary losses for employees having substantially equal equities when their positions are reduced in grade through no fault of their own. This legislation establishes a test whereby an employee must have occupied the same position, or positions of the same or a higher grade, in the same department, for 2 years before the downgrading action—in lieu of the test of 2 years in the *same position* contained in Public Law 594. Similarly, this legislation eliminates language in existing law which has been interpreted as permitting salary protection only in the cases of employees in positions which have undergone no material change in duties or responsibilities during the 2 years prior to reclassification. These are the two major remedial language changes by which H. R. 1168 will broaden eligibility for salary protection in order to eliminate existing distinctions between employees affected by downgrading actions where there is no fair or valid basis for such distinctions.

This legislation does not apply to positions in grades 16, 17, and 18 of the General Schedule of the Classification Act of 1949, to reclassifications for cause or at an employee's request, or to reclassifications in reductions in force due to lack of funds or curtailment of work. Similar exclusions are contained in Public Law 594. As pointed out in the Civil Service Commission report, salary protection will be afforded by this legislation in cases of reclassification effected in reductions in force caused by reorganization or the exercise of regulatory reassignment or reemployment rights. Salary protection extends for only a 2-year period after the reclassification or the enactment of H. R. 1168, whichever is later, compared to salary protection without time limit provided for by Public Law 594. Generally speaking, total salary protection will not exceed a three-grade difference in rates of basic compensation—a limitation not contained in Public Law 594. Also, this legislation does not include language, contained in Public Law 594, granting future statutory salary increases to employees whose salaries are protected—an improvement which, while recognizing the need for temporary salary protection in cases of downgradings, at the same time will not automatically further increase the salaries of employees who are paid protected salaries above the appropriate rates of compensation provided for their positions under the Classification Act of 1949, as amended.

The purpose and effect of Public Law 594, 84th Congress, and of this bill are discussed more fully in that part of this report under the heading "Explanation of the Reported Bill".

NO OBJECTION TO LEGISLATION

The committee has not been presented with any objection to this legislation. The favorable report of the Civil Service Commission on H. R. 1168 and a letter from the Librarian of Congress requesting extension of this legislation to officers and employees of the Library of Congress follow:

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., August 14, 1957.

HON. TOM MURRAY,
*Chairman, Post Office and Civil Service Committee,
House of Representatives, Washington, D. C.*

DEAR MR. MURRAY: This is in response to the committee's request of January 24, 1957, for our comments on H. R. 1168, a bill to clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions.

H. R. 1168 covers career, career-conditional, and excepted employees with equivalent tenure who have served satisfactorily for 2 years in the same department and in the same, or in the same and higher grades, under the Classification Act of 1949, as amended. It provides that, if any such employee is reduced in grade after June 17, 1956, pay shall be preserved for him unless the reduction (1) was for personal cause, (2) was requested by the employee, or (3) was in a reduction in force due to lack of funds or curtailment of work. Employees reduced from grade GS-16, 17, or 18 are excluded from the benefits of the bill.

An employee whose pay is saved would continue to receive the rate of basic compensation to which he was entitled immediately prior to the reduction in grade, unless the reduction was more than three grades. In the latter case, he would be entitled to pay equal to the minimum of his new grade plus the difference between his former basic compensation and the minimum of the grade which is three grades lower than that from which he was reduced.

An employee whose pay is saved would continue to receive it until he either leaves the department; has a break in service of 1 workday; is demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work; or until he is entitled to receive basic compensation at a higher rate by reason of the operation of the Classification Act.

The bill further provides that employees who were reduced in grade for the same reasons between July 1, 1954, and June 17, 1956, and who were not reduced for other reasons thereafter, are entitled to the same pay saving, beginning after the first pay period after enactment. Employees whose pay is saved under the current provisions of section 507, which does not have the three grade restriction and has statutory increases added to the saved pay, would not be affected by enactment of the bill.

The bill clarifies and extends the pay retention principles enacted under Public Law 594. The Commission favors its enactment if it is modified to establish the principle that the period of salary retention shall be temporary and limited to a fixed period of not more than 2 years.

Significant improvements would result from enactment. Because of the language of Public Law 594, as interpreted in several decisions of the Comptroller General, it has applied only to employees reduced in grade in a position without a material change in duties or responsibilities during the 2 years prior to reclassification. Other employees having substantially equal claims in equity for protection, were not protected. Broadening eligibility to those serving in the same grade, or the same and higher grades, as contrasted to only those occupying the same position, has the effect of eliminating distinctions having no fair or valid basis.

The provision in section 507 as it now exists, which entitles employees with preserved compensation to statutory increases, would be eliminated by the proposal. This is an improvement which, while recognizing the need for temporary protection, at the same time would not increase the salaries of employees who already are paid more than the actual levels of their positions warrant.

We believe modification of the bill is necessary to limit the period of retention of pay saving. The objectives of salary retention, we believe, are to cushion the shock of reductions in grade, and to provide time for reassignment to positions warranting the former pay. This should be done in a manner which will avoid permanent misalignment of pay and consistently with a basic premise of the Classification Act of 1949, as amended, which is that "the principle of equal pay for substantially equal work shall be followed." The cost of paying for work not performed should be a consideration, as well as a desire to motivate administrators and employees to seek proper correction through reassignment.

For these reasons, we believe that the period of retention of saved pay should be terminated after a specified period of time. The Commission, therefore, recommends the period of salary retention be limited to a maximum of 2 years from the date of payroll change.

In making this recommendation we have carefully considered two choices: A period of retention graduated according to years of service; or a flat uniform period for all. We believe that the difficulties of establishing a service formula which would make acceptable distinctions in terms of the relative equities of persons with various terms of service militate against a graduated period of retention. Complexities in administration also argue against it.

In consultation with departments and agencies we have learned that, among agencies favoring a flat term of retention, there was agreement that the period should be 1 year or less. We believe that as a maximum, 2 years would be a sufficient period to cushion the shock and explore completely the possibilities for reassignment.

The proposal in the bill to exempt from salary retention privileges those employees whose reduction in grade was effected in a reduction in force due to lack of funds or curtailment of work requires some additional comment. On May 15, 1957, the Commission issued a redefinition of reduction in force, increasing the area of its application consistently with a recent court decision. The use of reduction in force procedures will now be mandatory in reductions in grade caused by lack of work, shortage of funds, reorganization, or exercise of regulatory reassignment or reemployment rights. Our understanding of the intent of the bill is that reductions in grade caused by lack of work or shortage of funds would not be accompanied by salary reten-

tion. A reduction in grade effected in a reduction in force caused by reorganization would create eligibility for salary retention. If the intent of the proposal differs from this interpretation, we suggest that a clarifying statement be included in the committee's report.

We are advised that the Bureau of the Budget has no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

HARRIS ELLSWORTH, *Chairman.*

THE LIBRARIAN OF CONGRESS,
Washington, D. C., April 14, 1958.

HON. TOM MURRAY,

*Chairman, Committee on Post Office and Civil Service,
House Office Building, Washington, D. C.*

DEAR MR. MURRAY: There has been brought to my attention H. R. 1168, a bill introduced by Mr. Lesinski on January 3, 1957, and referred to the Committee on Post Office and Civil Service. According to its title, the purpose of H. R. 1168 is "to clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions."

I am also informed that Public Law 594 of the 84th Congress, approved June 18, 1956, was enacted for the same general purpose of preserving the basic compensation of Federal employees in downgrading actions. H. R. 1168 is designed to amend Public Law 594 by providing additional coverage of employees affected by its terms. Specifically, it is noted that whereas Public Law 594 was limited in its effect to each Federal officer or employee "who holds [a position], on or after the date of enactment of this section, under a career-conditional or career appointment in the competitive civil service," H. R. 1168 would extend the coverage to an officer or employee who holds "an appointment of equivalent tenure in the excepted service."

Insofar as the Library of Congress is concerned, Public Law 594 does not operate to prevent loss of compensation to Library employees whose classification grades are downgraded under the provisions of the Classification Act of 1949. Although the Classification Act is applicable to Library of Congress employees, and Library personnel are graded for salary purposes according to its terms, the staff as a whole is appointed by the Librarian of Congress under the authority of 2 U. S. Code, section 140, and is not a part of the competitive civil service.

Similarly, it is doubtful if the extended coverage which would be provided through the enactment of H. R. 1168 to employees holding appointments in the "excepted service" would encompass the staff of the Library. It is our understanding that the term "excepted service" applies generally to certain classes of employees in the executive branch of the Government. The Library of Congress as an agency in the legislative branch might, therefore, be excluded from the terms of the bill. If this analysis is correct, I strongly urge that appropriate language be included in H. R. 1168 to cover the Library

of Congress and thus confer its proposed relief upon the staff of the Library.

In the event that action to enact H. R. 1168 is not contemplated in the immediate future, I would urge that Public Law 594 be amended by adding the phrase "or who is a member of the staff of the Library of Congress" after the word "competitive civil service," appearing in the second and third lines of subsection (1) of section 507 (a). This would operate to bring the staff of the Library of Congress under the benefits of Public Law 594. If in your opinion there is a more suitable way to accomplish this purpose, I request that you initiate such action.

I shall indeed be grateful if you and your committee would give consideration to these matters since I firmly believe that an inequity exists and one may exist under the terms of the new bill as between the employees of the Library of Congress and those of the executive branch of the Government.

Sincerely yours,

L. QUINCY MUMFORD,
Librarian of Congress.

EXPLANATION OF THE REPORTED BILL

1. IN GENERAL

The purpose of the bill is, as stated in the title, to clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers and employees in cases involving downgrading actions. The provisions of the bill will correct the effect of certain omissions and clarify certain ambiguities which now exist in connection with the present provisions of section 507 of the Classification Act of 1949. These omissions and ambiguities exist against the legislative background described below.

The Act of June 18, 1956 (70 Stat. 291; Public Law 594, 84th Cong.), added to title V of the Classification Act of 1949 a new section 507, the purpose of which was to preserve the rates of basic compensation of officers and employees in cases involving the "reclassification" of their positions under the Classification Act of 1949. This Act of June 18, 1956, is generally referred to as the "downgrading salary protection law" in recognition of its purpose to offset the effects of downgrading actions on those officers and employees, who are subject to the Classification Act of 1949, so as to preserve their respective rates of basic compensation from reduction as a result of these downgrading actions.

Section 507 of the Classification Act of 1949, as enacted by the Act of June 18, 1956, has both prospective and retroactive application.

Section 507 (a), which is prospective in its application, protects the rate of basic compensation of an officer or employee subject to the Classification Act of 1949 from reduction as a result of the placing of his position in a lower grade under a reclassification of his position on or after June 18, 1956, the date of enactment of the downgrading salary protection law.

The provisions of section 507 (a) fall into three general categories, as follows:

A. Class of officers and employees covered.—Protection of compensation in cases involving reclassification of positions is now provided

by such section 507 (a) to each officer and employee within the following class:

- (1) he is subject to the Classification Act of 1949;
- (2) he holds, on or after June 18, 1956 (the date of enactment of the downgrading salary-protection law), a position under a career-conditional or career appointment in the competitive civil service;
- (3) his position so held is in any grade of a basic compensation schedule of the Classification Act of 1949 (except grade 16, 17, or 18 of the General Schedule);
- (4) his position is placed, on or after June 18, 1956, while he holds the position, in a lower grade of such schedule under a reclassification of the position pursuant to the Classification Act of 1949;
- (5) he has held the position for a continuous period of time of not less than 2 years ending immediately prior to the date of the reclassification; and
- (6) his performance of the work of the position at all times in the 2-year period is satisfactory or better than satisfactory.

B. Description of the compensation protected.—The compensation protected by section 507 (a) is the rate of basic compensation to which the officer or employee was entitled immediately prior to the reclassification, including any general salary increases provided by law while the officer or employee is in the position but not including within-grade and longevity step increases under the Classification Act of 1949.

C. Duration of period of protection of compensation.—The period of protection of basic compensation under section 507 (a) continues until the officer or employee leaves the position concerned or until he becomes entitled to a higher rate of basic compensation by reason of the Classification Act of 1949 (for example, appointment to another position at a higher rate of basic compensation).

Section 507 (b), which is a companion provision to section 507 (a) and is retroactive in its application, protects the rate of basic compensation of an officer or employee subject to the Classification Act of 1949 from reduction as a result of the placing of his position in a lower grade under a reclassification of his position at any time during the retroactive period beginning on July 1, 1954, and ending immediately prior to June 18, 1956.

The comparable provisions of section 507 (b) fall into the same three general categories as those set forth above with respect to section 507 (a), as follows:

A. Class of officers and employees covered.—Protection of compensation in cases involving reclassification of positions is now provided by such section 507 (b) to each officer and employee within the following class:

- (1) he is subject to the Classification Act of 1949;
- (2) he held continuously, during the retroactive period beginning on July 1, 1954, and ending immediately prior to June 18, 1956, a position in any grade of a basic compensation schedule of the Classification Act of 1949 (except grade 16, 17, or 18 of the General Schedule);
- (3) his position was placed, at any time during the retroactive period described above, in a lower grade of such schedule under

one or more reclassifications of the position pursuant to the Classification Act of 1949;

(4) he held the position on June 18, 1956;

(5) he held the position for a continuous period of time of not less than 2 years ending immediately prior to June 18, 1956; and

(6) his performance of the work of the position at all times during the 2-year period described above and also on June 18, 1956, was satisfactory or better than satisfactory.

B. Description of the compensation protected.—The compensation protected by section 507 (b) is the rate of basic compensation to which the officer or employee was entitled immediately prior to the reclassification, including any general salary increases provided by law while the officer or employee is in the position but not including within-grade and longevity step increases under the Classification Act of 1949. In the event of more than one reclassification of a position, the compensation protected is the rate of basic compensation to which the officer or employee was entitled immediately prior to the first reclassification. No retroactive compensation is payable by reason of section 507 (b); that is, no officer or employee is entitled, by reason of section 507 (b), to basic compensation for any period prior to the first day of the first pay period which began after June 18, 1956. The commencing date of the salary protection under section 507 (b) is the first day of the first pay period which begins after June 18, 1956 (the date of enactment of section 507 (b)).

C. Duration of period of protection of compensation.—The period of protection of basic compensation under section 507 (b) continues until the officer or employee leaves the position concerned or until he becomes entitled to a higher rate of basic compensation by reason of the Classification Act of 1949. This provision of section 507 (b) is identical to the comparable provision of section 507 (a).

Omissions and ambiguities in existing law

The existing provisions of sections 507 (a) and 507 (b) of the Classification Act of 1949, as enacted by the Act of June 18, 1956, contain certain omissions and ambiguities.

First, the existing salary-protection provisions of sections 507 (a) and 507 (b) are not applicable with respect to a reduction in grade incident to a material change in the duties and responsibilities of the officer or employee concerned.

This result arises out of the use of the term "reclassification" in the existing section 507 to describe the kind of personnel action which results in a reduction in grade for the position concerned. Section 301 (1) of the Classification Act of 1949 (5 U. S. C. 1091) defines the term "position" to mean the work—that is, duties and responsibilities. The present section 507 operates only in the case of the reduction in the grade of an officer or employee by reason of a "reclassification" of his position. If there is a material change in the duties and responsibilities of a "position", then, in conformity with the above-mentioned definition of the term "position", that "position", as such, ceases to exist and, instead of a "reclassification" of the former "position", a new and different "position" is created. As a result, the existing salary-protection law is not applicable with respect to a reduction in grade incident to a material change in duties and responsibilities.

The use of the term "reclassification", therefore, unduly limits the application of this existing salary-protection legislation.

Second, the existing salary-protection provisions of section 507 (a) do not apply with respect to those positions which are excepted from the competitive civil service and which are held under appointments equivalent in tenure to career-conditional or career appointments in the competitive civil service.

This omission makes an unnecessary and inequitable distinction, for purposes of the existing salary-protection provisions, between those positions subject to the Classification Act of 1949 which are in the competitive civil service and those positions subject to such Act which are excepted from the competitive civil service, by statute or otherwise.

Third, the existing salary-protection provisions of section 507 (a) do not apply with respect to those positions which are subject to the Classification Act of 1949 but which are neither in the competitive civil service nor the excepted service. This omission, also, is unnecessary and inequitable.

Fourth, the existing salary-protection provisions of sections 507 (a) and 507 (b) do not limit the period of salary protection so long as the officer or employee concerned remains in the same position or is not entitled to basic compensation at a higher rate through the operation of the Classification Act of 1949 or in some other manner.

This omission to limit the salary protection to a specified period authorizes, for a considerable time in many cases, the payment of basic compensation for work not performed and, therefore, is in disregard of a basic employment principle stated in section 101 (1) (A) of the Classification Act of 1949 (5 U. S. C. 1071). This principle is to the effect that, in determining the rate of basic compensation which an officer or employee shall receive, the principle of equal pay for substantially equal work shall be followed.

Fifth, the existing salary-protection provisions, in a case involving several "reclassifications" of a position, operate to protect the basic compensation of an officer or employee in effect immediately prior to the first of such "reclassifications". In some instances, therefore, the salary protected may bear no reasonable relation to actual duties and responsibilities of the position so reclassified.

It is the general purpose of this bill, as reported, to correct these and other omissions and ambiguities contained in the existing salary-protection provisions of section 507 of the Classification Act of 1949.

2. REVISION OF SECTION 507 (A) OF THE CLASSIFICATION ACT OF 1949

Section 507 (a) of the Classification Act of 1949, as amended by the first section of the bill, revises and clarifies the existing provisions of such section 507 (a) so as to provide salary protection to each officer or employee within the following class:

(1) he is subject to the Classification Act of 1949;

(2) he is reduced in grade from any grade of a basic compensation schedule of the Classification Act of 1949 (except grade 16, 17, or 18 of the General Schedule) and this reduction in grade occurred at any time after June 18, 1956 (the original date of enactment of the salary-protection law);

(3) on the effective date of his reduction in grade, he (A) holds, or held, as the case may be, a career-conditional or career appointment in the competitive civil service or an appointment of equivalent tenure in the excepted service, or (B) holds, or held, as the case may be, a position outside the competitive civil service and the excepted service as an employee of (i) the Library of Congress, (ii) the Architect of the Capitol, (iii) the Botanic Garden, or (iv) the municipal government of the District of Columbia;

(4) his reduction in grade is not, or was not, as the case may be, (A) caused by a demotion for personal cause, (B) at his own request, or (C) effected in a reduction in force due to lack of funds or curtailment of work;

(5) for 2 continuous years immediately prior to his reduction in grade he served (A) in the same department and (B) in the same grade or in the same and higher grades; and

(6) at all times in such 2-year period, his performance of work is or was satisfactory or better than satisfactory.

The salary protection provided by the revised section 507 (a) to each officer or employee within the above-described class is the entitlement to receive the rate of basic compensation to which the officer or employee was entitled immediately prior to his reduction in grade. This salary protection is subject, however, to a limitation (discussed below) which is contained in the new section 507 (c) provided by the bill and which specifies a ceiling on the monetary amount of such salary protection. The entitlement provided by this salary protection is effective either as of the effective date of his reduction in grade, or as of the first day of the first pay period which begins after the date of enactment of the revision of section 507 of the Classification Act of 1949 by this bill, whichever date is later.

However, this salary protection is not made permanent by the revised section 507 (a). This salary protection will continue only—

(1) until the officer or employee is entitled to receive basic compensation at a higher rate by reason of the operation of the Classification Act of 1949;

(2) until the expiration of a period of 2 years immediately following the effective date of his reduction in grade or immediately following the first day of the first pay period which begins after the date of enactment of the revision of section 507 of the Classification Act of 1949 by this bill, whichever date is applicable with respect to the officer or employee; or

(3) so long as the officer or employee continues in the same "department", as defined in section 201 of the Classification Act of 1949 (5 U. S. C. 1081), without any break in service of 1 work-day or more and is not demoted or reassigned for personal cause, or at his own request, or in a reduction in force due to lack of funds or curtailment of work.

While salary protection under the revised section 507 (a) will not be granted in cases of reduction in grade due to lack of funds or curtailment of work, it is intended that salary protection will be granted in those cases of reduction in grade caused by reorganization or caused by the exercise of regulatory reassignment or reemployment rights.

In addition, this salary protection provided by the revised section

507 (a) will not apply to any officer or employee who is already entitled, at the time the salary protection would otherwise be applicable to him, to receive basic compensation at a higher rate by reason of the Classification Act of 1949.

Section 507 (a) of the Classification Act of 1949, as revised by this bill, makes the following changes in and clarification of the provisions of section 507 (a) of such Act, as enacted by the Act of June 18, 1956 (70 Stat. 291; Public Law 594, 84th Cong.).

First, the revised section 507 (a) extends the salary protection to cases of reduction in grade, generally, instead of only those reductions in grade effected through "reclassification" of the positions of officers and employees concerned, as provided by the existing section 507 (a). This extension, by the revised section 507 (a), of salary protection to reductions in grade, without regard to whether a "reclassification" of the position has occurred, eliminates those provisions of the present section 507 (a) which deny salary protection if a new position is created as a result of a material change in duties and responsibilities.

Second, the revised section 507 (a) adds a requirement (not contained in the existing sec. 507 (a)) that the reduction in grade of an officer or employee is not or was not caused by a demotion for personal cause, is not or was not at his own request, and is not or was not effected in a reduction in force due to lack of funds or curtailment of work. This requirement constitutes recognition of the policy that not all reductions in grade should be covered by salary protection under the revised section 507 (a). No salary protection is granted under the revised section 507 (a) if the reduction in grade is requested by the officer or employee or is caused by a demotion resulting from his own fault or if the reduction in grade is due to lack of funds or to curtailment of work.

Third, the revised section 507 (a), in effect, continues the requirement contained in the existing section 507 (a) to the effect that, on the effective date of the reduction in grade, the officer or employee holds or held a career or career-conditional appointment in the competitive civil service and, in addition, extends the coverage of the salary-protection provisions to each officer or employee who holds or held an appointment in the excepted service equivalent in tenure to a career or career-conditional appointment in the competitive civil service, and to each officer or employee who holds or held a position outside the competitive civil service and the excepted service as an officer or employee of the Library of Congress, of the Architect of the Capitol, of the Botanic Garden, or of the municipal government of the District of Columbia. The purpose of this extension of coverage is to provide equality of treatment, with respect to salary protection, of those officers and employees subject to the Classification Act of 1949 with career or career-conditional appointments in the competitive civil service who are now covered by the existing section 507 (a) and those officers and employees subject to the Classification Act of 1949 who are in the excepted service or in the employ of certain agencies, as specified above, and who are not presently so covered. This problem of coverage as it affects certain officers and employees of the Library of Congress is discussed in the letter of the Librarian of Congress which is contained in this report. The identical problem exists also with respect

to certain officers and employees of the Architect of the Capitol, of the Botanic Garden, and of the municipal government of the District of Columbia who are brought within the salary-protection provisions of the revised section 507 (a) in the same manner as the officers and employees of the Library of Congress referred to above. It should be observed, however, that in no event will the salary-protection provisions of the revised section 507 (a) apply to any officer or employee who is not subject to the Classification Act of 1949.

Fourth, the revised section 507 (a) continues the general requirement of 2 years' service contained in the existing section 507 (a) by providing that the officer or employee, for 2 continuous years immediately prior to the reduction in grade, shall have served in the same department and in the same grade or in the same and higher grades. This 2 years' service requirement is adapted and applied to the new concept of "reduction in grade" provided by the revised section 507 (a).

Fifth, the revised section 507 (a) continues the requirement that the officer or employee shall have performed work which is, at all times during the 2-year period, satisfactory or better than satisfactory. This requirement of work performance is adapted and applied to the new concept of "reduction in grade" provided by the revised section 507 (a).

Sixth, the revised section 507 (a) redefines the period of salary protection by providing, as discussed above—

(1) that the salary protection arising out of any reduction in grade shall terminate after the expiration of 2 years (A) immediately following the effective date of the reduction in grade or (B) immediately following the first day of the first pay period which begins after the date of enactment of the revision of section 507 of the Classification Act of 1949 by this bill, whichever date is applicable to the officer or employee concerned; and

(2) that the salary protection will be continued only so long as (A) the officer or employee continues in the same "department", as defined in section 201 of the Classification Act of 1949 (5 U. S. C. 1081), without break in service of 1 workday or more, and (B) is not demoted or reassigned (i) for personal cause, (ii) at his own request, or (iii) in a reduction in force due to lack of funds or curtailment of work.

The provision relating to the requirement of 2 years' continuous service immediately prior to the reduction in grade complements the provision limiting the salary protection to 2 years.

The provision relating to continuity of service and demotion or reassignment under certain conditions contains the policy that the salary protection granted by reason of a reduction in grade should not be continued under conditions which would preclude the granting of such salary protection in the first instance. This provision, therefore, complements the previously discussed requirement that salary protection shall not be granted initially if the reduction in grade is caused by a demotion for personal cause, or is at the request of the officer or employee, or is effected in a reduction in force due to lack of funds or curtailment of work.

It may be observed that section 507 (a), as enacted by the Act of June 18, 1956, provided that the officer or employee concerned would receive salary protection at the rate to which he was entitled imme-

diately prior to the "reclassification" of his position, including any increases in such rate provided by law at any time while the officer or employee is in such position. Section 507 (a), as revised by this bill, eliminates the language which had the effect of permitting officers and employees receiving salary protection to obtain, in addition, all increases in salary provided by general pay raise legislation. Therefore, under the revised section 507 (a), the officer or employee with a saved rate of basic compensation as a result of salary protection provided by such section will not receive any increase in such saved rate as a result of general pay raise legislation. If, however, the rate of basic compensation which he would be receiving if he were not receiving such salary protection, as increased by the appropriate amount provided by the general pay raise legislation, is more than such saved rate, it is intended that he receive the benefits of such general pay raise legislation based upon the rate of basic compensation which he would be receiving if he were not receiving such salary protection.

It is to be noted, in connection with the foregoing discussion of the effect of the revised section 507 (a), that, although under the provisions of such section the officer or employee with a saved rate of basic compensation as a result of salary protection will not receive any increase in such saved rate as a result of general pay raise legislation, this does not preclude the granting of an increase in such saved rate of basic compensation by specific authorization for such increase contained in future general pay raise legislation.

Under the existing provisions of section 507 (a), an officer or employee who receives salary protection does not receive within-grade and longevity step increases under the Classification Act of 1949. Section 507 (a), as revised by this bill, does not change this situation with respect to such within-grade and longevity step increases.

3. REVISION OF SECTION 507 (b) OF THE CLASSIFICATION ACT OF 1949

Section 507 (b) of the Classification Act of 1949, as amended by the first section of the bill, revises and clarifies the existing provisions of such section 507 (b) so as to provide salary protection to each officer or employee within the following class:

- (1) he is subject to the Classification Act of 1949;
- (2) he was reduced in grade from any grade of a basic compensation schedule of the Classification Act of 1949 (except grades 16, 17, or 18 of the General Schedule) and this reduction in grade occurred at any time in the period beginning on July 1, 1954, and ending immediately prior to June 18, 1956 (the original date of enactment of the salary-protection law);
- (3) his reduction in grade was not (A) caused by a demotion for personal cause, (B) at his own request, or (C) effected in a reduction in force due to lack of funds or curtailment of work;
- (4) for 2 continuous years immediately prior to such reduction in grade he served (A) in the same department and (B) in the same grade or in the same and higher grades;
- (5) at all times in such 2-year period his performance of work was satisfactory or better than satisfactory;
- (6) his employment in the same "department", as defined in section 201 of the Classification Act of 1949 (5 U. S. C. 1081), has been continuous since such reduction in grade; and

(7) he has not been demoted or reassigned (A) for personal cause, (B) at his own request, or (C) in a reduction in force due to lack of funds or curtailment of work.

Under the revised section 507 (b), as under the new section 507 (a), it is intended that salary protection will be granted in those cases of reduction in grade caused by reorganization or caused by the exercise of regulatory reassignment or reemployment rights.

Under the revised section 507 (b), the salary protection for each officer and employee within the above-described class is the entitlement to receive the rate of basic compensation to which he was entitled immediately prior to his reduction in grade. However, as in the case of salary protection under the revised section 507 (a), this salary protection under the new section 507 (b) is subject to a provision (hereafter discussed) which is contained in the new section 507 (c) provided by the bill and which prescribes a maximum monetary limitation on the amount of such salary protection.

The entitlement provided by this salary protection is effective as of the first day of the first pay period which begins after the date of enactment of the revision of section 507 of the Classification Act of 1949 by this bill.

However, as in the case of salary protection under the revised section 507 (a), the salary protection provided by the new section 507 (b) is not made permanent. This salary protection under section 507 (b) will continue only—

(1) until the officer or employee is entitled to receive basic compensation at a higher rate by reason of the operation of the Classification Act of 1949;

(2) until the expiration of a period of 2 years immediately following the first day of the first pay period which begins after the date of enactment of the revision of section 507 of the Classification Act of 1949 by this bill; or

(3) so long as the officer or employee continues in the same "department", as defined in section 201 of the Classification Act of 1949 (5 U. S. C. 1081), without any break in service of 1 work-day or more and is not demoted or reassigned for personal cause, or at his own request, or in a reduction in force due to lack of funds or curtailment of work.

In addition, as is the case under the revised section 507 (a), this salary protection provided by the new section 507 (b) will not apply to any officer or employee who is already entitled, at the time the salary protection otherwise would be applicable to him, to receive basic compensation at a higher rate by reason of the Classification Act of 1949.

Section 507 (b) of the Classification Act of 1949, as revised by this bill, makes clarifying changes in the existing provisions of such section 507 (b), as enacted by the Act of June 18, 1956 (70 Stat. 291; Public Law 594, 84th Cong.), as follows:

First, the revised section 507 (b) extends the salary protection provisions to cases of reduction in grade, generally, instead of only those reductions in grade effected through "reclassification" of the positions of the officers and employees concerned, as provided by the existing section 507 (b). As in the case of the revised section 507 (a), the new section 507 (b) eliminates existing provisions of section 507 (b) which deny salary protection if a new position is created as a result of a material change in duties and responsibilities.

Second, the revised section 507 (b) adds a new requirement that the reduction in grade of an officer or employee was not caused by a demotion for personal cause, was not at his own request, and was not effected in a reduction in force due to lack of funds or curtailment of work. This new requirement establishes, with respect to cases under the new section 507 (b), a policy similar to that provided by the bill with respect to cases under the revised section 507 (a).

Third, the new section 507 (b) (like the new sec. 507 (a)) continues the general requirement of 2 years' service contained in the present provisions of section 507 (b). Under this requirement, the officer or employee, for 2 continuous years immediately prior to the reduction in grade, shall have served in the same department and in the same grade or in the same and higher grades. This requirement is adapted and applied to the new concept of "reduction in grade" provided by the new section 507 (b).

Fourth, the revised section 507 (b) also continues the requirement (as does the new sec. 507 (a)) that the officer or employee shall have performed work which, at all times during the 2-year period, is satisfactory or better than satisfactory. This work-performance requirement is adapted and applied to the new concept of "reduction in grade" provided by the revised section 507 (b).

Fifth, the revised section 507 (b) redefines the period of salary protection in a manner similar to that provided by the new section 507 (a). The new section 507 (b) provides—

(1) that the salary protection arising out of any reduction in grade shall terminate after the expiration of 2 years immediately following the first day of the first pay period which begins after the date of enactment of the revision of section 507 (b) by this bill; and

(2) that the salary protection will be continued only so long as (A) the officer or employee continues in the same "department", as defined in section 201 of the Classification Act of 1949 (5 U. S. C. 1081), without break in service of 1 workday or more, and (B) is not demoted or reassigned (i) for personal cause, (ii) at his own request, or (iii) in a reduction in force due to lack of funds or curtailment of work.

As is the case under the revised section 507 (a), the provision contained in the new section 507 (b) requiring 2 years' continuous service immediately prior to the reduction in grade complements the provision which limits the salary protection to 2 years.

Also, as is the case under the revised section 507 (a), the provision in the new section 507 (b), pertaining to continuity of service and demotion or reassignment under certain conditions, contains the policy that the salary protection granted by reason of a reduction in grade should not be continued under conditions which would preclude the granting of such salary protection in the first instance. This provision of the new section 507 (b), therefore, like the similar provision contained in the revised section 507 (a), complements the previously discussed requirement that the salary protection shall not be granted initially if the reduction in grade is caused by a demotion for personal cause, or is at the request of the officer or employee, or is effected in a reduction in force due to lack of funds or curtailment of work.

It should be noted that section 507 (a), as originally enacted by the Act of June 18, 1956 (70 Stat. 291; Public Law 594, 84th Cong.),

contained an eligibility requirement (discussed above) that the officer or employee hold a career or career-conditional appointment in the competitive civil service. In order to achieve fairness and equity in the application and operation of this requirement, the revised section 507 (a) enlarges this eligibility requirement, as previously stated, to cover appointments in the excepted service of a tenure equivalent to career and career-conditional appointments in the competitive civil service, as well as certain officers, employees, and positions outside both the competitive civil service and the excepted service in specified agencies, that is, the Library of Congress, the Office of the Architect of the Capitol, the Botanic Garden, and the municipal government of the District of Columbia. However, section 507 (b), as originally enacted by the Act of June 18, 1956, contained no such requirement and, therefore, did not exclude officers and employees from salary protection for the reason that they did or did not have an appointment of a specified kind. Consequently, it is not necessary to include in the revised section 507 (b) a provision extending the benefits of the revised section 507 (b) to officers and employees who have career or career-conditional appointments in the competitive civil service, or appointments of equivalent tenure in the excepted service, or appointments to certain positions in specified agencies (listed above) outside the competitive civil service and the excepted service. All such officers and employees are covered by the provisions of section 507 (b) as enacted by the Act of June 18, 1956, and as revised by this bill.

It should be noted, also, that the revised section 507 (b), like the new section 507 (a), eliminates the language in section 507 (b), as originally enacted, which had the effect of permitting officers and employees receiving salary protection to obtain, in addition, all increases in salary provided by general pay raise legislation. Therefore, under the revised section 507 (b) the officer or employee with a saved rate of basic compensation as a result of salary protection provided by such section will not receive any increase in such saved rate as a result of general pay raise legislation. If, however, the rate of basic compensation which he would be receiving if he already were not receiving such salary protection, as increased by the appropriate amount provided by the general pay raise legislation, is more than the saved rate, it is intended that he receive the benefits of such general pay raise legislation based upon the rate of basic compensation which he would be receiving if he were not receiving such salary protection.

It is to be noted, in connection with the foregoing discussion of the effect of the revised section 507 (b) (as in the discussion of the revised sec. 507 (a)), that, although under the provisions of such section the officer or employee with a saved rate of basic compensation as a result of salary protection will not receive any increase in such saved rate as a result of general pay raise legislation, this does not preclude the granting of an increase in such saved rate of basic compensation by specific authorization for such increase contained in future general pay raise legislation.

Under the existing provisions of section 507 (b), an officer or employee who receives salary protection does not receive within-grade and longevity step increases under the Classification Act of 1949. Section 507 (b), as revised by this bill, does not change this situation with respect to such within-grade and longevity step increases.

4. LIMITATION ON MONETARY AMOUNT OF SALARY PROTECTION

As noted above, section 507 (c) of the Classification Act of 1949, as contained in the amendment made by the first section of the bill, provides a limitation or ceiling on the monetary amount of salary protection provided by the revised sections 507 (a) and 507 (b) of the Classification Act of 1949. No such limitation is now provided under the existing salary-protection law.

This ceiling applies with respect to each reduction in grade to which the revised section 507 (a) or section 507 (b) applies.

Section 507 (c) provides that the rate of basic compensation to which an officer or employee is entitled with respect to each such reduction in grade shall not exceed the sum of the following:

(A) The minimum scheduled rate of the grade to which he is reduced under each such reduction in grade occurring on or after July 1, 1954; and

(B) The difference between his rate immediately prior to the first of any such reductions in grade occurring on or after July 1, 1954, and the minimum scheduled rate of that grade which is three grades lower than the grade from which he was reduced under the first of such reductions in grade.

In effect, the new section 507 (c) provides that, if the reduction in grade is more than three grades, the officer or employee will be granted basic compensation in an amount equal to the minimum scheduled rate of his new grade plus the difference between his former basic compensation and the minimum scheduled rate of that grade which is three grades lower than the grade from which he is reduced.

Section 507 (c) attempts in some degree to establish a relationship between compensation and work in downgrading cases.

5. REGULATIONS OF UNITED STATES CIVIL SERVICE COMMISSION

Section 507 (d) of the Classification Act of 1949, as contained in the amendment made by the first section of the bill, provides the authority in specific language for the United States Civil Service Commission to prescribe and issue regulations to carry out the purposes of the revised section 507. These regulations will guide the respective departments and agencies concerned in applying the provisions of the new section 507 in downgrading cases.

6. EFFECT ON EXISTING SALARY-PROTECTION PROVISIONS

Section 2 of the reported bill is a saving provision, the purpose of which is to protect those rights and benefits of officers and employees under section 507 of the Classification Act of 1949 which they are awarded or to which they are entitled prior to the amendment of such section by the bill.

Section 2 of the bill provides that the amendment made by section 2 to section 507 of the Classification Act of 1949 shall not be construed to effect the saved rate of basic compensation of any officer or employee granted, prior to the date of enactment of the bill, salary protection under section 507, as in effect prior to its amendment by the first section of this bill. Section 2 also provides, specifically, that the amendment made by the first section of the bill to such section 507 shall not be

construed to affect the right of any such officer or employee to receive, under and in accordance with section 507 as originally enacted, the payment of such saved rate of basic compensation for any period.

Section 2 also provides that such amendment shall not be construed to deprive any officer or employee of any benefit, under and in accordance with section 507 as originally enacted, to which he was entitled prior to the date of enactment of the bill.

Section 2, therefore, protects, for the future, the saved rates of basic compensation and other rights and benefits actually awarded or granted under section 507 prior to the date of enactment of the bill. Section 2 also will operate to protect, for the future, those rights and benefits which the officers and employees concerned have not actually been awarded or granted prior to the date of enactment of the bill but to which they are entitled under the provisions of such section 507 as were in effect prior to such date of enactment.

In effect, section 507, as originally enacted, will continue to apply with respect to reductions in grade due to "reclassifications" of positions prior to such date of enactment. However, if any reduction in grade occurs on or after the date of enactment of the bill with respect to any such officer or employee, his rate of basic compensation and any benefit to which he may be entitled with respect to such reduction in grade shall be determined in accordance with section 507 of the Classification Act of 1949, as amended by this bill.

In addition, it should be observed that an officer or employee who has been denied salary protection under such section 507, as enacted by the Act of June 18, 1956, with respect to any reduction in grade, will not be precluded from having his case reconsidered and redetermined under section 507 of such act, as amended by this bill, with respect to such reduction in grade.

7. EFFECT OF SALARY PROTECTION ON OPERATION OF FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954

Section 3 of the reported bill provides that, for the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954 (5 U. S. C. 2091-2103), all changes in rates of basic compensation by reason of the operation of section 507 of the Classification Act of 1949, as enacted by the Act of June 18, 1956, or as amended by the first section of this Act, as applicable, shall be held and considered to be effective as of the first day of the first pay period following the pay period in which the payroll change is approved with respect to such individual. Section 3, therefore, establishes the effective dates for insurance purposes under the Federal Employees' Group Life Insurance Act of 1954 of the above-described changes in rates of basic compensation.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics):

SECTION 507 OF THE CLASSIFICATION ACT OF 1949, AS AMENDED

§ 507. (a) Each officer or employee subject to this Act—

[(1) who holds, on or after the date of enactment of this section, under a career-conditional or career appointment in the competitive civil service, a position (A) which is in any grade of a basic compensation schedule of this Act (other than grade 16, 17, or 18 of the General Schedule) and (B) which is placed, on or after such date of enactment, while such officer or employee holds such position, in a lower grade of such schedule under any reclassification of such position pursuant to this Act;

[(2) who has held such position for a continuous period of not less than two years ending immediately prior to the date of such reclassification; and

[(3) whose performance of the work of such position at all times during such period is satisfactory or better than satisfactory;

shall continue to receive basic compensation at the rate to which he was entitled immediately prior to such reclassification of his position (including any increases in such rate of basic compensation provided by law at any time while such officer or employee is in such position) until (i) he leaves such position or (ii) he is entitled to receive basic compensation at a higher rate by reason of the operation of this Act; but, whenever such position becomes vacant, the rate of basic compensation of any individual subsequently appointed to such position shall be fixed in accordance with this Act.

[(b) Each officer or employee subject to this Act—

[(1) who, during the period beginning on July 1, 1954, and ending immediately prior to the date of enactment of this section continuously held a position (A) which was in any grade of a basic compensation schedule of this Act (other than grade 16, 17, or 18 of the General Schedule) and (B) which was placed, at any time during such period, in a lower grade of such schedule under one or more reclassifications of such position pursuant to this Act;

[(2) who holds such position on the date of enactment of this section;

[(3) who has held such position for a continuous period of not less than two years ending immediately prior to the date of enactment of this section; and

[(4) whose performance of the work of such position at all times during such period of two years specified in paragraph (3) of this subsection and also on the date of enactment of this section was satisfactory or better than satisfactory,

shall be granted, effective as of the first day of the first pay period which begins after the date of enactment of this section (if he continues to hold such position on such first day of such first pay period), the rate of basic compensation to which he was entitled immediately prior to such reclassification of his position (or, in the case of more than one reclassification of such position, the date of the first of any such reclassifications), including any increases in such rate of basic compensation provided by law at any time while such officer or employee is in such position, until (i) he leaves such position or (ii) he is entitled to receive basic compensation at a higher rate by reason of the operation of this Act; but, whenever such position becomes vacant, the rate of basic

compensation of any individual subsequently appointed to such position shall be fixed in accordance with this Act. No officer or employee shall be entitled by reason of this subsection to basic compensation for any period prior to the first day of the first pay period which begins after the date of enactment of this section.】

Sec. 507. (a) Subject to the limitation contained in subsection (c) of this section, each officer or employee subject to this Act—

(1) who at any time after June 17, 1956, is or was reduced in grade from any grade of a basic compensation schedule of this Act (other than grade 16, 17, or 18 of the General Schedule);

(2) who, on the effective date of such reduction in grade, holds or held a career or career-conditional appointment in the competitive civil service or an appointment of equivalent tenure in the excepted service;

(3) whose reduction in grade is not or was not caused by a demotion for personal cause, is not or was not at his own request, and is not or was not effected in a reduction in force due to lack of funds or curtailment of work;

(4) who, for two continuous years immediately prior to such reduction in grade, served (A) in the same department and (B) in the same grade or in the same and higher grades; and

(5) whose performance of work at all times during such period of two years is or was satisfactory or better than satisfactory, shall be entitled, as of the effective date of such reduction in grade or as of the first day of the first pay period which begins after the date of enactment of this amendment, whichever is later, unless or until he is entitled to receive basic compensation at a higher rate by reason of the operation of this Act, to receive the rate of basic compensation to which he was entitled immediately prior to such reduction in grade so long as he continues in the same department without any break in service of one workday or more and is not demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work.

(b) Subject to the limitation contained in subsection (c) of this section, each officer or employee subject to this Act—

(1) who, during the period beginning July 1, 1954, and ending June 17, 1956, was reduced in grade from any grade of a basic compensation schedule of this Act (other than grade 16, 17, or 18 of the General Schedule);

(2) whose reduction in grade was not caused by a demotion for personal cause, was not at his own request, and was not effected in a reduction in force due to lack of funds or curtailment of work;

(3) who, for two continuous years immediately prior to such reduction in grade, served (A) in the same department and (B) in the same grade or in the same and higher grades;

(4) whose performance of work at all times during such period of two years was satisfactory or better than satisfactory; and

(5) whose employment in the same department has been continuous since such reduction in grade and who, since such reduction in grade, has not been demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work,

shall be entitled, as of the first day of the first pay period which begins after the date of enactment of this amendment, unless or until he is entitled to receive basic compensation at a higher rate by reason of the operation of this Act, to receive the rate of basic compensation to which he was entitled immediately prior to such reduction in grade so long as he continues in the same department without any break in service of one workday or more and is not demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work.

(c) The rate of basic compensation to which such officer or employee is entitled under subsection (a) or (b) of this section with respect to each reduction in grade to which this section applies shall not exceed the sum of (1) the minimum scheduled rate of the grade to which he is reduced under each such reduction in grade occurring on or after July 1, 1954, and (2) the difference between his rate immediately prior to the first of such reductions in grade occurring on or after July 1, 1954, and the minimum scheduled rate of that grade which is three grades lower than the grade from which he was reduced under the first of such reductions in grade.

(d) The Civil Service Commission is authorized to issue regulations to carry out the purposes of this section.



85TH CONGRESS
2D SESSION

H. R. 1168

[Report No. 2269]

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 1957

MR. LESINSKI introduced the following bill; which was referred to the Committee on Post Office and Civil Service

JULY 24, 1958

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Insert the part printed in italic]

A BILL

To clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 507 of the Classification Act of 1949, as
4 amended (70 Stat. 291; Public Law 594, Eighty-fourth
5 Congress), is amended to read as follows:

6 “SEC. 507. (a) Subject to the limitation contained in
7 subsection (c) of this section, each officer or employee sub-
8 ject to this Act—

9 “(1) who at any time after June 17, 1956, is or

1 was reduced in grade from any grade of a basic com-
2 pensation schedule of this Act (other than grade 16, 17,
3 or 18 of the General Schedule) ;

4 “(2) who, on the effective date of such reduction
5 in grade, holds or held a career or career-conditional
6 appointment in the competitive civil service or an ap-
7 pointment of equivalent tenure in the excepted service
8 *or holds or held a position outside the competitive civil*
9 *service and the excepted service as an officer or employee*
10 *of the Library of Congress, of the Architect of the Capi-*
11 *tol, of the Botanic Garden, or of the municipal govern-*
12 *ment of the District of Columbia;*

13 “(3) whose reduction in grade is not or was not
14 caused by a demotion for personal cause, is not or was
15 not at his own request, and is not or was not effected in
16 a reduction in force due to lack of funds or curtailment
17 of work;

18 “(4) who, for two continuous years immediately
19 prior to such reduction in grade, served (A) in the
20 same department and (B) in the same grade or in the
21 same and higher grades; and

22 “(5) whose performance of work at all times dur-
23 ing such period of two years is or was satisfactory or
24 better than satisfactory,

1 shall be entitled, as of the effective date of such reduction in
2 grade or as of the first day of the first pay period which
3 begins after the date of enactment of this amendment, which-
4 ever is later, unless or until he is entitled to receive basic
5 compensation at a higher rate by reason of the operation of
6 this Act, *or until the expiration of a period of two years*
7 *immediately following the effective date of such reduction*
8 *in grade or immediately following the first day of such first*
9 *pay period, as applicable*, to receive the rate of basic com-
10 pensation to which he was entitled immediately prior to
11 such reduction in grade so long as he continues in the same
12 department without any break in service of one workday
13 or more and is not demoted or reassigned for personal cause,
14 at his own request, or in a reduction in force due to lack of
15 funds or curtailment of work.

16 “(b) Subject to the limitation contained in subsection
17 (c) of this section, each officer or employee subject to this
18 Act—

19 “(1) who, during the period beginning July 1,
20 1954, and ending June 17, 1956, was reduced in grade
21 from any grade of a basic compensation schedule of this
22 Act (other than grade 16, 17, or 18 of the General
23 Schedule) ;

24 “(2) whose reduction in grade was not caused by

1 a demotion for personal cause, was not at his own re-
2 quest, and was not effected in a reduction in force due
3 to lack of funds or curtailment of work;

4 “(3) who, for two continuous years immediately
5 prior to such reduction in grade, served (A) in the same
6 department and (B) in the same grade or in the same
7 and higher grades;

8 “(4) whose performance of work at all times during
9 such period of two years was satisfactory or better than
10 satisfactory; and

11 “(5) whose employment in the same department
12 has been continuous since such reduction in grade and
13 who, since such reduction in grade, has not been demoted
14 or reassigned for personal cause, at his own request, or
15 in a reduction in force due to lack of funds or curtail-
16 ment of work,

17 shall be entitled, as of the first day of the first pay period
18 which begins after the date of enactment of this amendment,
19 unless or until he is entitled to receive basic compensation at
20 a higher rate by reason of the operation of this Act, *or*
21 *until the expiration of a period of two years immediately*
22 *following the first day of such first pay period, as applicable,*
23 to receive the rate of basic compensation to which he was
24 entitled immediately prior to such reduction in grade so long
25 as he continues in the same department without any break

1 in service of one workday or more and is not demoted or
2 reassigned for personal cause, at his own request, or in a
3 reduction in force due to lack of funds or curtailment of work.

4 “(c) The rate of basic compensation to which such
5 officer or employee is entitled under subsection (a) or (b)
6 of this section with respect to each reduction in grade to
7 which this section applies shall not exceed the sum of (1)
8 the minimum scheduled rate of the grade to which he is
9 reduced under each such reduction in grade occurring on or
10 after July 1, 1954, and (2) the difference between his
11 rate immediately prior to the first of such reductions in grade
12 occurring on or after July 1, 1954, and the minimum sched-
13 uled rate of that grade which is three grades lower than the
14 grade from which he was reduced under the first of such
15 reductions in grade.

16 “(d) The Civil Service Commission is authorized to
17 issue regulations to carry out the purposes of this section.”

18 SEC. 2. The amendment made by the first section of
19 this Act to section 507 of the Classification Act of 1949, as
20 amended—

21 (1) shall not be construed to affect (A) the *saved*
22 rate of basic compensation determined, at any time prior
23 to the date of enactment of this Act, for any officer or
24 employee under and in accordance with such section
25 507, as enacted by the Act of June 18, 1956 (70 Stat.

1 291; Public Law 594, Eighty-fourth Congress), and

2 (B) the right of such officer or employee to receive
3 for any period, under and in accordance with such sec-
4 tion 507 as so enacted, the payment of such basic com-
5 pensation so determined; and

6 (2) shall not be construed to deprive any officer
7 or employee of any benefit, under and in accordance with
8 such section 507 as so enacted, to which he was entitled
9 prior to the date of enactment of this Act,

10 except that, in the event of any reduction in grade with
11 respect to such officer or employee which occurs on or
12 after the date of enactment of this Act, such rate of basic
13 compensation, and any benefit to which he may be entitled
14 with respect to such reduction in grade, shall be determined
15 in accordance with such section 507, as amended by the
16 first section of this Act.

17 SEC. 3. For the purpose of determining the amount of
18 insurance for which an individual is eligible under the Fed-
19 eral Employees' Group Life Insurance Act of 1954 (5
20 U. S. C. 2091-2103), all changes in rates of basic compen-
21 sation by reason of the operation of section 507 of the Classi-
22 fication Act of 1949, as enacted by the Act of June 18,
23 1956 (70 Stat. 291; Public Law 594, Eighty-fourth Con-
24 gress), or as amended by the first section of this Act, which-
25 ever is applicable, shall be held and considered to be effec-

- 1 tive as of the first day of the first pay period following the
- 2 pay period in which the payroll change is approved with re-
- 3 spect to such individual.

85TH CONGRESS
2D Session

H. R. 1168

[Report No. 2269]

A BILL

To clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions.

By Mr. LESINSKI

JANUARY 3, 1957

Referred to the Committee on Post Office and Civil Service

JULY 24, 1958

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

Aug. 4, 1958

The Interior and Insular Affairs Committee ordered reported without amendment S. 4009, to increase the amount authorized to be appropriated for the Washoe reclamation project, Nev. and Calif., and with amendment S. 3448, to permit the Secretary of the Interior to authorize increases in the 160-acre limitation on the Seedskaadee Reclamation project. p. D789

The Interior and Insular Affairs Committee reported without amendment H. R. 13523, to authorize the construction and maintenance by Interior of the Fryingpan-Arkansas reclamation project (H. Rept. 2427). pp. 14768-69

12. WHEAT; CORN MEAL. Passed without amendment H. R. 13268, to authorize CCC to purchase flour and corn meal for donation instead of having such products processed from its own stocks. pp. 14691-92
13. DESERT-LAND ENTRIES. Passed with amendments S. 359, to permit desert land entries on disconnected tracts of land aggregating less than 320 acres and form a compact unit. p. 14696
14. TRANSPORTATION. Passed under suspension of the rules H. R. 8382, to provide for the licensing of independent foreign freight forwarders (pp. 14747-48); and H. R. 474, to repeal Sec. 217 of the Merchant Marine Act of 1936 relating to the coordination of the forwarding and servicing of water-borne export and import foreign commerce of the U. S. (p. 14748).
15. FRUITS AND NUTS. Voted 40 to 33 to suspend the rules and pass H. R. 11056, to amend the Agricultural Marketing Agreement Act so as to extend restrictions on certain imported citrus fruits, dried fruits, walnuts, and dates. At the request of Rep. McCormack further consideration of the bill was postponed until Wed., Aug. 6. pp. 14754-60
16. WATERSHEDS. Received from the Budget Bureau plans for works of improvement pertaining to the following watersheds: Furnace Brook-Middle River, Conn. and Mass.; Busseron, Ind., and Crooked Creek, Iowa; to Agriculture Committee. p. 14768
17. RADIO FREQUENCIES. The Interstate and Foreign Commerce Committee reported with amendments S. J. Res. 106, to establish a commission to investigate the utilization of the radio and television frequencies allocated to agencies and instrumentalities of the Federal Government (H. Rept. 2355). p. 14768
18. SALINE WATER. The Interior and Insular Affairs Committee ordered reported with amendment S. J. Res. 135, to provide for the construction of demonstration plants for the production, from saline waters, of water suitable for agricultural, industrial and consumptive uses. p. D789
19. MILITARY CONSTRUCTION. Conferees agreed to file a conference report on H. R. 13015, the military construction authorization bill. p. D790
20. PERSONNEL. Passed ~~over~~ ^{as reported}, at the request of Rep. Ford, H. R. 1168, to restore the pay of officers or employees to the level of the grade held before downgrading in certain cases. p. 14684

SENATE

21. PRICE SUPPORTS. Sen. Proxmire criticized the cost of the present price support farm program and inserted an economic analysis of the cost of his bill, S. 2952, which concluded that it would be less expensive than the present program. pp. 14642-3

22. RESEARCH. Passed as reported S. 4039, to authorize the head of any Government agency now making contracts for research to grant funds for the support of such research. pp. 14623-4
23. PERSONNEL. Passed as reported H. R. 7710, to provide for the lump sum payment of all accumulated and accrued annual leave of deceased employees. p. 14626
24. MINERALS. At the request of Sen. Talmadge, passed over S. 4146, to provide for incentive payments for the production of certain minerals. p. 14626
The interior and Insular Affairs Committee reported without amendment S. Res. 225, to extend until Jan. 31, 1959, the time for filing a report on the study of strategic raw materials in the Western hemisphere (S. Rept. 2175). p. 14546
25. FISHERIES; EXTENSION SERVICE. Passed as reported S. 2973, to establish a fishery extension service in the Fish and Wildlife Service to carry out co-operative fishery extension work with the States. pp. 14627-8
26. FORESTRY. Passed without amendment the following bills:
S. 3682, to authorize the Secretary to convey certain national forest lands in Ariz. to the Univ. of Ariz. p. 14629
H. R. 6038, to authorize transfers of land between the Sequoia National Forest and the Kings Canyon National Park, Calif. This bill will now be sent to the President. p. 14630
H. R. 6198, to authorize the transfer of not more than 10 acres of land from the Sequoia National Park to the Sequoia National Game Refuge in Sequoia National Forest, Calif. This bill will now be sent to the President. p. 14630
The Agriculture and Forestry Committee reported with amendment S. 4053, to extend the boundaries of Siskiyou National Forest (S. Rept. 2171). p. 14546
27. DEFENSE PRODUCTION. Began debate on S. 4162, to provide for the cancellation of certain uncollectible loans and operating losses under Title III of the Defense Production Act, to increase (in effect) the borrowing authority for the defense stockpile \$300 million. pp. 14631-2, 14644-50
28. MONOPOLIES. At the request of Sen. Talmadge, passed over S. 11, to amend the Robinson-Patman Act with reference to equality of opportunity. p. 14618
29. WATER RESOURCES. At the request of Sen. Talmadge, passed over S. 3185, to promote fish and wildlife conservation by requiring prior approval by the Secretary of the Interior of licenses issued under the Federal Power Act. p. 14623
30. ADMINISTRATIVE ORDERS. The Judiciary Committee reported without amendment H. R. 6788, to authorize the abbreviation of the record on the review or enforcement of orders of administrative agencies by the courts of appeals and the review or enforcement of such orders on the original papers and to make uniform the laws relating thereto (S. Rept. 2129). p. 14545
31. TOBACCO. The Agriculture and Forestry Committee reported with amendment S. Res. 334, to direct the committee to study marketing practices relative to loose and tied tobacco (S. Rept. 2163); which was then referred to the Rules and Administration Committee. p. 14546
The Agriculture and Forestry Committee reported without amendment H. R. 12840, to provide a single acreage allotment for Va. sun-cured and Va. fire-cured tobaccos if farmers vote approval in a referendum (S. Rept. 2162) p. 14546

tem. It would prevent these States from being penalized just because they had the foresight and get-up-and-go to get the job done instead of waiting for Uncle Sam to provide funds.

It is my understanding that when various State roadbuilding programs were begun just prior to enactment of the highway bill, it was thought some form of reimbursement for completed work would later be forthcoming. In all due fairness legislation to provide some form of repayment should be enacted. We should delay no longer than absolutely necessary in passing such legislation. That is why I felt H. R. 11554 or a similar bill deserved favorable action in this session.

Unfortunately, the committee has not seen fit to report such legislation favorably and instead has suggested that the Secretary of Commerce be directed to submit recommendations concerning reimbursement for completed highway work. This will, of course, delay the process even more, but at least it does promise in the long run to provide positive proposals for action by Congress. Particularly in view of the fact that the Department has indicated no objection to this approach, I am willing to go along with House Joint Resolution 654.

It is to be hoped and to be expected that the Secretary of Commerce will come up with proposals which will assure a fair and equitable return to those States which have forged ahead on their own on highway building. Any such proposals should recognize that New York State pays in about twice as much as it gets out of this program.

With the expectation that these factors will be carefully considered and weighed in formulating recommendations, and because it certainly provides a far better solution than no action at all, I support House Joint Resolution 654.

Mr. FORD. Mr. Speaker, I withdraw my reservation of objection.

There being no objection, the Clerk read the joint resolution, as follows:

Whereas by section 114 of the Federal-Aid Highway Act of 1956 Congress declared that it was its intent and policy to determine whether or not the Federal Government should equitably reimburse any State for a portion of a highway which is on the National System of Interstate and Defense Highways, whether toll or free, the construction of which has been completed subsequent to August 2, 1947, or which is either in actual use or under construction by contract, for completion, awarded not later than June 30, 1957, if such highways meet the standards required for such National System of Interstate and Defense Highways; and

Whereas that section further required that a study be made by the Secretary of Commerce to determine which highways in the National System of Interstate and Defense Highways measure up to the standards required by the Federal-Aid Highway Act of 1956; and

Whereas the report required of the Secretary of Commerce by section 114 of the Federal-Aid Highway Act of 1956 has been submitted to Congress and has been printed as House Document 301 of the 85th Congress, 2d session; and

Whereas in order to further assist Congress in making its determination of the time, method, and amounts of reimbursement to the States for such highways or portions

thereof certain further assistance and information is required: Therefore be it

Resolved, etc., That the Secretary of Commerce shall, within 10 days after the first day of the 1st session of the 86th Congress, submit to Congress recommendations for legislation to equitably reimburse each State for any portion of a toll or free highway (1) which is on the National System of Interstate and Defense Highways, (2) which meets the standards required by the Federal-Aid Highway Act of 1956 for such National System of Interstate and Defense Highways, and (3) the construction of which has been completed since August 2, 1947, or which has been in actual use or under construction by contract, for completion, awarded not later than June 30, 1957.

With the following committee amendment:

Page 2, line 6, after "legislation" insert "for the purpose of assisting Congress to determine whether or not"; and in line 7 strike out "equitably" after "to."

The committee amendment was agreed to.

The joint resolution was ordered to be engrossed.

The preamble was amended as follows:

In the last paragraph thereof, after "determination of" strike out "the time, method, and amounts of reimbursement" and insert "whether or not reimbursement should be made."

The joint resolution was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "Joint resolution requiring the Secretary of Commerce to submit certain recommendations for legislation for the purpose of assisting Congress to determine whether or not to reimburse States for certain highways on the National System of Interstate and Defense Highways."

A motion to reconsider was laid on the table.

PRESERVATION OF BASIC COMPENSATION

The Clerk called the bill (H. R. 1168) to clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

LAND EXCHANGE, STATE OF UTAH

The Clerk called the bill (S. 3569) to authorize the Secretary of the Interior to exchange certain Federal lands for certain lands owned by the State of Utah.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to

accept on behalf of the United States from the State of Utah the conveyance in fee simple of the following described lands situated in such State:

Beginning at United States Government monument numbered 6 (monument numbered 6 is 876.31 feet south and 2,453.795 feet east more or less from the northwest corner of section numbered 4, township 1 south, range 1 east, Salt Lake meridian) and running thence south 480 feet to the south boundary of the United States Bureau of Mines property; thence west 60 feet; thence north 400 feet; thence west 544.5 feet; thence south 400.0 feet; thence west 60.0 feet; thence north 480 feet; thence east 664.5 feet more or less to the point of beginning and containing 2.32 acres more or less.

SEC. 2. In return for the lands described in the first section of this act the Secretary of the Interior is authorized and directed to convey by quitclaim deed to the State of Utah all right, title, and interest of the United States in and to the following described lands situated in such State:

PARCEL NUMBERED 1

Beginning at a point 664.5 feet west of United States Government monument numbered 6 (monument numbered 6 is 876.31 feet south and 2,453.795 feet east more or less from the northwest corner of section numbered 4, township 1 south, range 1 east, Salt Lake meridian) and running thence north 160.0 feet; thence east 864.35 feet more or less to the east boundary of the United States Bureau of Mines property; thence north 0 degrees 00 minutes 50 seconds west 287.6 feet; thence south 67 degrees 11 minutes 40 seconds west 366.35 feet; thence north 88 degrees 21 minutes 10 seconds west 682.72 feet; thence south 325.41 feet; thence east 155.5 feet more or less to the point of beginning and containing 4.69 acres more or less.

PARCEL NUMBERED 2

Beginning at a point 480 feet south of United States Government monument numbered 6; thence north 89 degrees 59 minutes 10 seconds east 200.00 feet; thence north 0 degrees 00 minutes 50 seconds west 136.10 feet; thence south 55 degrees 45 minutes 00 seconds west 241.92 feet more or less to the point of beginning and containing 0.31 acre more or less.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LIGHTS FOR VESSELS TOWING OR BEING OVERTAKEN

The Clerk called the bill (S. 2115) to amend the act of June 7, 1897, as amended, and section 4233 of the Revised Statutes, as amended, with respect to lights for vessels towing or being overtaken.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That article 3 of section 1 of the act of June 7, 1897, as amended (30 Stat. 97, as amended; U. S. C., 1952 edition, title 33, sec. 173), is amended to read as follows:

"ART. 3. (a) A steam vessel when towing another vessel or vessels alongside or by pushing ahead shall, in addition to her side lights, carry two bright white lights in a vertical line, one over the other, not less than 3 feet apart, and when towing one or more vessels astern, regardless of the length of the tow, shall carry an additional bright white light 3 feet above or below such lights. Each of these lights shall be of the same construction and character, and shall be carried in the same position as the white light

cost repayment obligation of the district, in the amount agreed to in said contract, as amended, and on which payments of installments are to commence in 1959, may be repaid in accordance with a variable repayment formula which, being based on full repayment within 40 years, or as near thereto as is consistent with the adoption and operation of such a formula, permits variance in the required annual payments in the light of economic factors pertinent to the ability of the district to pay: *Provided*, That any such amendatory contract making provision for the repayment of the district's construction cost repayment obligation in accordance with a variable repayment formula may provide further that for the years 1959 and 1960 the Arch Hurley Conservancy District's annual installments shall each be fixed in the sum of \$30,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FREIGHT SERVICE IN SOUTHEASTERN ALASKA

The Clerk called the bill (S. 1798) to amend section 4426 of the Revised Statutes, as amended, with respect to certain small vessels operated by cooperatives or associations in transporting merchandise of members on a nonprofit basis to or from places within the inland waters of southeastern Alaska and Prince Rupert, British Columbia, or to or from places within said inland waters and places within the inland waters of the State of Washington.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the third sentence of section 4426 of the Revised Statutes, as amended (34 Stat. 193; 46 U. S. C. 404), is hereby amended by adding the following proviso at the end thereof: "*Provided further*, That no vessel under 150 gross tons, owned by or demise chartered to any cooperative or association, shall be deemed to be carrying freight for hire within the meaning of this section, if such vessel is engaged solely in transporting cargo owned by any one or more of the members of such cooperative or association on a nonprofit basis (1) to or from places within the inland waters of southeastern Alaska, as defined pursuant to section 2 of the act of February 19, 1895, as amended (28 Stat. 672; 33 U. S. C. 151), and Prince Rupert, British Columbia; or (2) to or from places within said inland waters of southeastern Alaska not receiving weekly transportation service on an annual basis from any part of the United States by an established common carrier by water and places within the inland waters of the State of Washington, as also defined pursuant to such act of February 19, 1895, as amended, via sheltered waters, as defined in article I, of the treaty between United States and Canada defining certain waters of the west coast of North America as sheltered waters, dated December 9, 1933; or (3) from all places located within said inland waters of southeastern Alaska to places within the said inland waters of the State of Washington via said sheltered waters with respect to cargo of a character not accepted for transportation by an established common carrier by water thereat."

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That the third sentence of section 4426 of the Revised Statutes, as amended (34 Stat. 193,

46 U. S. C. 404), is hereby amended by adding the following proviso at the end thereof: "*Provided further*, That no vessel under 150 gross tons, owned by or demise chartered to any cooperative or association engaged solely in transporting cargo owned by any one or more of the members of such cooperative or association on a nonprofit basis (1) between places within the inland waters of southeastern Alaska, as defined pursuant to section 2 of the act of February 19, 1895, as amended (28 Stat. 672; 33 U. S. C. 151), or (2) between places within said inland waters of southeastern Alaska and Prince Rupert, British Columbia, or (3) between places within said inland waters of southeastern Alaska and places within the inland waters of the State of Washington, as also defined pursuant to such act of February 19, 1895, as amended, via sheltered waters, as defined in article I, of the treaty between United States and Canada defining certain waters of the west coast of North America as sheltered waters, dated December 9, 1933, shall be deemed to be carrying freight for hire within the meaning of this section."

"Sec. 2. This act shall be effective immediately upon enactment and shall apply only to vessels theretofore constructed and now in operation in Alaskan waters and shall cease to be effective on and after June 30, 1962."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENDING LIMITS FOR ESTABLISHMENT OF POSTAL STATIONS

The Clerk called the bill (H. R. 10495) to amend that part of the act of June 9, 1896 (29 Stat. 313), relating to the establishment of postal stations and branch post offices, so as to permit them to be established within 10 miles of the boundary of the adjoining city.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the third proviso in the first paragraph under the heading "Office of the First Assistant Postmaster General" in the act of June 9, 1896 (29 Stat. 313, 39 U. S. C. 160), is hereby amended by striking out "5 miles", and by inserting, in lieu thereof, "10 miles."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CIVIL WAR CENTENNIAL COMMISSION

The Clerk called the joint resolution (H. J. Res. 557) to amend the act of September 7, 1957 (71 Stat. 626), providing for the establishment of a Civil War Centennial Commission.

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That section 9 of the joint resolution of September 7, 1957 (71 Stat. 626), entitled "Joint resolution to establish a commission to commemorate the 100th anniversary of the Civil War, and for other purposes", is hereby amended to read as follows:

"Sec. 9. There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this joint resolution."

With the following committee amendment:

Page 1, line 10, strike out "resolution," and insert "resolution, not to exceed \$100,000 in any one fiscal year."

The committee amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REIMBURSEMENT FOR HIGHWAYS ON THE INTERSTATE SYSTEM

The Clerk called the joint resolution (H. J. Res. 654) requiring the Secretary of Commerce to submit certain recommendations for legislation to equitably reimburse States for certain highways on the National System of Interstate and Defense Highways.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

Mr. FORD. Mr. Speaker, reserving the right to object, I should like to ask the chairman of the committee whether by approval of this proposal we are making any commitment whatsoever toward the taking over and reimbursement of the toll road proposition.

Mr. FALLON. In this instance there is no commitment either from the Congress or the committee.

Mr. FORD. I thank the gentleman.

Mr. Speaker, I yield to the gentleman from New York [Mr. KEATING].

(Mr. KEATING asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. KEATING. Mr. Speaker, I support House Joint Resolution 654, although I regret it fails to come finally to grips with the problem of the equitable reimbursement to those States which have completed portions of the Interstate Highway System.

The more direct approach, embodied in my bill H. R. 11554, and other measures introduced by my colleagues, is preferable to that envisioned by this resolution. Under the terms of my proposal, a form of reimbursement would be provided States like New York for already completed portions of the highway system by allowing Federal payments up to 90 percent for substitute mileage to be added to the system in place of completed highway mileage.

As of June 30, 1957, New York State had completed nearly 580 miles of the original 1,200 interstate mileage allotment, at a cost of \$1,062,600,000. Under terms of my bill, some \$822,800,000, about \$50 per State resident—would go to New York in payment for completion of the substitute mileage. These payments would take effect beginning in 1960.

On the national level, the reimbursements provided in H. R. 11554 would total \$4,200,000 for 10,859 miles of completed highway.

Thus, this approach would provide equitable reimbursement for those States which have shown the initiative and ability to go ahead on their own in building the Interstate Highway Sys-

of Germantown Avenue 5 feet 6 inches to the first mentioned point and place of beginning.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. That concludes the bills on the Consent Calendar for today.

Mr. JOHANSEN. Mr. Speaker, I ask unanimous consent to return to the bill H. R. 1168, Calendar No. 529, to which objection was made by the gentleman from Michigan. I understand the gentleman from Michigan has withdrawn his objection, and I ask unanimous consent for the immediate consideration of the bill.

Mr. FORD. Mr. Speaker, I withdraw my objection to the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 507 of the Classification Act of 1949, as amended (70 Stat. 291; Public Law 594, 84th Cong.), is amended to read as follows:

"SEC. 507. (a) Subject to the limitation contained in subsection (c) of this section, each officer or employee subject to this act—

"(1) who at any time after June 17, 1956, is or was reduced in grade from any grade of a basic compensation schedule of this act (other than grade 16, 17, or 18 of the general schedule);

"(2) who, on the effective date of such reduction in grade, holds or held a career or career-conditional appointment in the competitive civil service or an appointment of equivalent tenure in the excepted service;

"(3) whose reduction in grade is not or was not caused by a demotion for personal cause, is not or was not at his own request, and is not or was not effected in a reduction in force due to lack of funds or curtailment of work;

"(4) who, for 2 continuous years immediately prior to such reduction in grade, served (A) in the same department and (B) in the same grade or in the same and higher grades; and

"(5) whose performance of work at all times during such period of 2 years is or was satisfactory or better than satisfactory, shall be entitled, as of the effective date of such reduction in grade or as of the first day of the first pay period which begins after the date of enactment of this amendment, whichever is later, unless or until he is entitled to receive basic compensation at a higher rate by reason of the operation of this act, to receive the rate of basic compensation to which he was entitled immediately prior to such reduction in grade so long as he continues in the same department without any break in service of one workday or more and is not demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work.

"(b) Subject to the limitation contained in subsection (c) of this section, each officer or employee subject to this act—

"(1) who, during the period beginning July 1, 1954, and ending June 17, 1956, was reduced in grade from any grade of a basic compensation schedule of this act (other than grade 16, 17, or 18 of the General Schedule);

"(2) whose reduction in grade was not caused by a demotion for personal cause, was not at his own request, and was not effected in a reduction in force due to lack of funds or curtailment of work;

"(3) who, for 2 continuous years immediately prior to such reduction in grade, served (A) in the same department and (B) in the same grade or in the same and higher grades;

"(4) whose performance of work at all times during such period of 2 years was satisfactory or better than satisfactory; and

"(5) whose employment in the same department has been continuous since such reduction in grade and who, since such reduction in grade, has not been demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work,

shall be entitled, as of the first day of the first pay period which begins after the date of enactment of this amendment, unless or until he is entitled to receive basic compensation at a higher rate by reason of the operation of this act, to receive the rate of basic compensation to which he was entitled immediately prior to such reduction in grade so long as he continues in the same department without any break in service of 1 workday or more and is not demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work.

"(c) The rate of basic compensation to which such officer or employee is entitled under subsection (a) or (b) of this section with respect to each reduction in grade to which this section applies shall not exceed the sum of (1) the minimum scheduled rate of the grade to which he is reduced under each such reduction in grade occurring on or after July 1, 1954, and (2) the difference between his rate immediately prior to the first of such reductions in grade occurring on or after July 1, 1954, and the minimum scheduled rate of that grade which is three grades lower than the grade from which he was reduced under the first of such reductions in grade.

"(d) The Civil Service Commission is authorized to issue regulations to carry out the purposes of this section."

SEC. 2. The amendment made by the first section of this act to section 507 of the Classification Act of 1949, as amended—

(1) shall not be construed to affect (A) the rate of basic compensation determined, at any time prior to the date of enactment of this act, for any officer or employee under and in accordance with such section 507, as enacted by the Act of June 18, 1956 (70 Stat. 291; Public Law 594, 84th Congress), and (B) the right of such officer or employee to receive for any period, under and in accordance with such section 507 as so enacted, the payment of such basic compensation so determined; and

(2) shall not be construed to deprive any officer or employee of any benefit, under and in accordance with such section 507 as so enacted, to which he was entitled prior to the date of enactment of this act.

except that, in the event of any reduction in grade with respect to such officer or employee which occurs on or after the date of enactment of this act, such rate of basic compensation, and any benefit to which he may be entitled with respect to such reduction in grade, shall be determined in accordance with such section 507, as amended by the first section of this act.

SEC. 3. For the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954 (5 U. S. C. 2091-2103), all changes in rates of basic compensation by reason of the operation of section 507 of the Classification Act of 1949, as enacted by the act of June 18, 1956 (70 Stat. 291; Public Law 594, 84th Congress), or as amended by the first section of this act, whichever is applicable, shall be held and considered to be effective as of the first day of the first pay period following the pay period in which the payroll change is approved with respect to such individual.

With the following committee amendments:

Page 2, line 7, immediately before the semicolon insert "or holds or held a position outside the competitive civil service and the excepted service as an officer or employee of the Library of Congress, of the Architect of the Capitol, of the Botanic Gardens, or of the municipal government of the District of Columbia."

Page 2, line 25, immediately after the comma insert "or until the expiration of a period of 2 years immediately following the effective date of such reduction in grade or immediately following the first day of such first pay period, as applicable."

Page 4, line 9, immediately following the comma insert "or until the expiration of a period of 2 years immediately following the first day of such first pay period, as applicable."

Page 5, line 8, insert the word "saved" immediately before the word "rate."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CALL OF THE HOUSE

Mr. MARTIN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 153]

Abbott	Gordon	Marshall
Adair	Granahan	Moore
Addonizio	Grant	Morano
Albert	Gray	Morris
Barden	Green, Pa.	Morrison
Barrett	Gregory	Moulder
Bass, N. H.	Griffiths	Multer
Baumhart	Gwinn	Neal
Becker	Harden	Nix
Bentley	Hays, Ark.	O'Neill
Boland	Hays, Ohio	Osmer
Bolling	Healey	Passman
Bosch	Hébert	Philbin
Broomfield	Hess	Pillion
Buckley	Hillings	Powell
Burdick	Hoffman	Radwan
Byrne, Ill.	Holtzman	Robeson, Va.
Carnahan	Jackson	Robison, N. Y.
Celler	James	Rooney
Chamberlain	Jenkins	Sadlak
Christopher	Jones, Mo.	Santangelo
Coffin	Judd	Scherer
Colmer	Kee	Scott, N. C.
Coudert	Keogh	Scott, Pa.
Delaney	Kilburn	Sheehan
Dies	Kluczynski	Shelley
Diggs	Lafore	Shuford
Dollinger	Landrum	Smith, Kans.
Donohue	Latham	Spence
Dwyer	Lesinski	Talle
Eberharter	Losier	Teller
Evins	Machrowicz	Vanik
Farbstein	Mailliard	Wainwright
Fino	Mason	Wharton
Fogarty	May	Wigglesworth
Fountain	Michel	Zelenko
Friedel	Miller, N. Y.	

The SPEAKER. On this roll call 313 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

AGRICULTURAL ACT OF 1958

Mr. COOLEY. Mr. Speaker, I move that the House suspend the rules and pass the bill (S. 4071) to provide more effective price, production adjustment, and marketing programs for various agricultural commodities, with an amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Agricultural Act of 1958."

TITLE I—COTTON

Program for 1959 and 1960

SEC. 101. The Agricultural Act of 1949, as amended, is amended by adding the following new section:

"SEC. 102. Notwithstanding any other provision of law—

"(a) for each of the 1959 and 1960 crops of upland cotton the Secretary of Agriculture is authorized and directed to offer the operator of each farm for which an allotment is established under section 344 of the Agricultural Adjustment Act of 1938, as amended, a choice of (A) the farm acreage allotment determined pursuant to section 344 of the Agricultural Adjustment Act of 1938, as amended, and price support determined pursuant to section 101 of this act (the amount of cotton estimated to be produced on the additional acres allotted to producers selecting choice (B) for such year being taken into account in computing such support), except that for the 1959 crop the level of support shall be not less than 80 percent of parity, or (B) the farm acreage allotment determined pursuant to section 344 of the Agricultural Adjustment Act of 1938, as amended, increased by not to exceed 40 percent (such increased acreage allotment to be the acreage allotment for the farm for all purposes) and price support at a level which is 15 percent of parity below the level of support established for producers who elect choice (A). Any person operating more than one farm, in order to be eligible for choice (B), must elect choice (B) for all farms for which he is operator. Not later than January 31 the Secretary shall determine and announce on the basis of his estimate of the supply percentage as of the following August 1, the price support level for producers who elect choice (A) and such price support level shall be final. As soon as practicable after such announcement, the Secretary shall cause the operator (as shown on the records of the county committee) of each farm for which an allotment is established under section 344 of the Agricultural Adjustment Act of 1938, as amended, to be notified of the alternative levels of price support and the alternative acreage allotments available for his farm. The operator of each farm shall, within the time prescribed by the Secretary, notify the county committee in writing whether he desires the increased acreage allotment and the level of price support prescribed in choice (B) to be effective for the farm. If the operator fails to so notify the county committee within the time prescribed, he shall be deemed to have chosen the acreage allotment and the price support level prescribed in choice (A). The choice elected by the operator shall apply to all the producers on the farm. Notwithstanding the foregoing provisions of this subsection, the Secretary may permit the operator of a farm for which choice (B) is in effect to change to choice (A) where conditions beyond the control of the farm operator, such as excessive rain, flood, or drought, prevented the planting of acreage to cotton or having cotton acreage available for harvest on the farm in accordance with the plans of such operator in selecting choice (B). The additional acreage required to be allotted to farms under this section shall be

in addition to the county, State, and national acreage allotments and the production from such acreage shall be in addition to the national marketing quota. The additional acreage authorized by this section shall not be taken into account in establishing future State, county, and farm acreage allotments. Notwithstanding any other provision of law, no farm participating in any cotton acreage reserve program established for 1959 under the Soil Bank Act shall receive an increased acreage allotment under the provisions of this section for 1959. Notwithstanding the provisions of section 344 (m) (2) any farm cotton acreage allotment increased as the result of the selection of choice (B) may not be released and reapportioned to any other farm. Price support shall be made available under this paragraph only to cooperators and only if producers have not disapproved marketing quotas for the crop.

"(b) for each of the 1959 and 1960 crops of upland cotton, price support shall be made available to producers who elect choice (A) through a purchase program. Price support shall be made available to producers who elect choice (B) through loans, purchases, or other operations.

"(c) the Commodity Credit Corporation is directed, during the period beginning August 1, 1959, and ending July 31, 1961, to offer any upland cotton owned by it for sale for unrestricted use at not less than 10 percent above the current level of price support prescribed in choice (B)."

Price support for 1961 and subsequent years

SEC. 102. (a) The Agricultural Act of 1949, as amended, is amended by adding a new section 103 as follows:

"SEC. 103. Notwithstanding any other provision of law, the level of price support for upland cotton shall be established by the Secretary, taking into consideration the factors set out in section 401 (b) of this act, at not more than 90 percent of the parity price therefor and not less than the following levels: For the 1961 crop not less than 70 percent of such parity price and for the 1962 crop and thereafter not less than 65 percent of such parity price, but in no event less than 30 cents per pound."

Acreage allotments and marketing quotas

SEC. 103. The Agricultural Adjustment Act of 1938, as amended, is amended as follows:

(1) Section 342 is amended by striking out the third sentence and by changing the period at the end of the second sentence to a colon and adding the following: "Provided, That beginning with the 1961 crop, the national marketing quota shall be not less than a number of bales equal to the estimated domestic consumption and estimated exports (less estimated imports) for the marketing year for which the quota is proclaimed, except that the Secretary shall make such adjustment in the amount of such quota as he determines necessary after taking into consideration the estimated stocks of cotton in the United States (including the qualities of such stocks) and stocks in foreign countries which would be available for the marketing year for which the quota is being proclaimed if no adjustment of such quota is made hereunder, to assure the maintenance of adequate but not excessive stocks in the United States to provide a continuous and stable supply of the different qualities of cotton needed in the United States and in foreign cotton-consuming countries, and for purposes of national security; but the Secretary, in making such adjustments, may not reduce the national marketing quota for any year below (i) 1 million bales less than the estimated domestic consumption and estimated exports for the marketing year for which such quota is being proclaimed, or (ii) 10 million bales, whichever is larger."

(2) Section 342 is further amended by adding at the end thereof the following:

"Notwithstanding any other provision of this act, the national marketing quota for upland cotton for 1959 and subsequent years shall be not less than the number of bales required to provide a national acreage allotment for each such year of 16 million acres."

(3) Section 347 (b) is amended by changing the period at the end of the second sentence to a colon and adding the following: "Provided, That, beginning with the 1961 crop of extra long staple cotton, such national marketing quota shall be an amount equal to (1) the estimated domestic consumption plus exports for the marketing year which begins in the next calendar year, less (2) the estimated imports plus (3) such additional number of bales, if any, as the Secretary determines is necessary to assure adequate working stocks in trade channels until cotton from the next crop becomes readily available without resort to Commodity Credit Corporation stocks."

(4) The second sentence of section 344 (a) is amended by striking the word "five" and substituting the word "four."

Minimum farm allotments

SEC. 104. (a) Section 344 (b) of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting before the period at the end thereof a colon and the following: "Provided, That there is hereby established a national acreage reserve consisting of 310,000 acres which shall be in addition to the national acreage allotment; and such reserve shall be apportioned to the States on the basis of their needs for additional acreage for establishing minimum farm allotments under subsection (f) (1), as determined by the Secretary without regard to State and county acreage reserves (except that the amount apportioned to Nevada shall be 1,000 acres). For the 1960 and succeeding crops of cotton, the needs of States (other than Nevada) for such additional acreage for such purpose may be estimated by the Secretary, after taking into consideration such needs as determined or estimated for the preceding crop of cotton and the size of the national acreage allotment for such crop. The additional acreage so apportioned to the State shall be apportioned to the counties on the basis of the needs of the counties for such additional acreage for such purpose, and added to the county acreage allotment for apportionment to farms pursuant to subsection (f) of this section (except that no part of such additional acreage shall be used to increase the county reserve above 15 percent of the county allotment determined without regard to such additional acreage). Additional acreage apportioned to a State for any year under the foregoing proviso shall not be taken into account in establishing future State acreage allotments. Needs for additional acreage under the foregoing provisions and under the last proviso in subsection (e) shall be determined or estimated as though allotments were first computed without regard to subsection (f) (1)."

(b) Section 344 (e) of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting before the period at the end thereof a colon and the following: "Provided further, That if the additional acreage allocated to a State under the proviso in subsection (b) is less than the requirements as determined or estimated by the Secretary for establishing minimum farm allotments for the State under subsection (f) (1), the acreage reserved under this subsection shall not be less than the smaller of (1) the remaining acreage so determined or estimated to be required for establishing minimum farm allotments or (2) 5 percent of the State acreage allotment; and the acreage which is required to be reserved under this proviso shall be allocated to counties on the basis of their needs for additional acreage for establishing minimum farm al-

85TH CONGRESS
2D SESSION

H. R. 1168

IN THE SENATE OF THE UNITED STATES

AUGUST 5, 1958

Read twice and referred to the Committee on Post Office and Civil Service

AN ACT

To clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 507 of the Classification Act of 1949, as
4 amended (70 Stat. 291; Public Law 594, Eighty-fourth
5 Congress), is amended to read as follows:

6 “SEC. 507. (a) Subject to the limitation contained in
7 subsection (c) of this section, each officer or employee sub-
8 ject to this Act—

9 “(1) who at any time after June 17, 1956, is or

1 was reduced in grade from any grade of a basic com-
2 pensation schedule of this Act (other than grade 16, 17,
3 or 18 of the General Schedule) ;

4 “ (2) who, on the effective date of such reduction
5 in grade, holds or held a career or career-conditional
6 appointment in the competitive civil service or an ap-
7 pointment of equivalent tenure in the excepted service
8 or holds or held a position outside the competitive civil
9 service and the excepted service as an officer or employee
10 of the Library of Congress, of the Architect of the Capi-
11 tol, of the Botanic Gardens, or the municipal govern-
12 ment of the District of Columbia;

13 “ (3) whose reduction in grade is not or was not
14 caused by a demotion for personal cause, is not or was
15 not at his own request, and is not or was not effected in
16 a reduction in force due to lack of funds or curtailment
17 of work;

18 “ (4) who, for two continuous years immediately
19 prior to such reduction in grade, served (A) in the
20 same department and (B) in the same grade or in the
21 same and higher grades; and

22 “ (5) whose performance of work at all times dur-
23 ing such period of two years is or was satisfactory or
24 better than satisfactory,

1 shall be entitled, as of the effective date of such reduction in
2 grade or as of the first day of the first pay period which
3 begins after the date of enactment of this amendment, which-
4 ever is later, unless or until he is entitled to receive basic
5 compensation at a higher rate by reason of the operation of
6 this Act, or until the expiration of a period of two years
7 immediately following the effective date of such reduction
8 in grade or immediately following the first day of such first
9 pay period, as applicable, to receive the rate of basic com-
10 pensation to which he was entitled immediately prior to
11 such reduction in grade so long as he continues in the same
12 department without any break in service of one workday
13 or more and is not demoted or reassigned for personal cause,
14 at his own request, or in a reduction in force due to lack of
15 funds or curtailment of work.

16 “(b) Subject to the limitation contained in subsection
17 (c) of this section, each officer or employee subject to this
18 Act—

19 “(1) who, during the period beginning July 1,
20 1954, and ending June 17, 1956, was reduced in grade
21 from any grade of a basic compensation schedule of this
22 Act (other than grade 16, 17, or 18 of the General
23 Schedule) ;

24 “(2) whose reduction in grade was not caused by

1 a demotion for personal cause, was not at his own re-
2 quest, and was not effected in a reduction in force due
3 to lack of funds or curtailment of work;

4 “(3) who, for two continuous years immediately
5 prior to such reduction in grade, served (A) in the same
6 department and (B) in the same grade or in the same
7 and higher grades;

8 “(4) whose performance of work at all times during
9 such period of two years was satisfactory or better than
10 satisfactory; and

11 “(5) whose employment in the same department
12 has been continuous since such reduction in grade and
13 who, since such reduction in grade, has not been de-
14 moted or reassigned for personal cause, at his own
15 request, or in a reduction in force due to lack of funds or
16 curtailment of work,

17 shall be entitled, as of the first day of the first pay period
18 which begins after the date of enactment of this amendment,
19 unless or until he is entitled to receive basic compensation at
20 a higher rate by reason of the operation of this Act, or
21 until the expiration of a period of two years immediately
22 following the first day of such first pay period, as applicable,
23 to receive the rate of basic compensation to which he was
24 entitled immediately prior to such reduction in grade so long
25 as he continues in the same department without any break

1 in service of one workday or more and is not demoted or
2 reassigned for personal cause, at his own request, or in a
3 reduction in force due to lack of funds or curtailment of work.

4 “(c) The rate of basic compensation to which such
5 officer or employee is entitled under subsection (a) or (b)
6 of this section with respect to each reduction in grade to
7 which this section applies shall not exceed the sum of (1)
8 the minimum scheduled rate of the grade to which he is
9 reduced under each such reduction in grade occurring on or
10 after July 1, 1954, and (2) the difference between his
11 rate immediately prior to the first of such reductions in grade
12 occurring on or after July 1, 1954, and the minimum sched-
13 uled rate of that grade which is three grades lower than the
14 grade from which he was reduced under the first of such
15 reductions in grade.

16 “(d) The Civil Service Commission is authorized to
17 issue regulations to carry out the purposes of this section.”

18 SEC. 2. The amendment made by the first section of
19 this Act to section 507 of the Classification Act of 1949, as
20 amended—

21 (1) shall not be construed to affect (A) the saved
22 rate of basic compensation determined, at any time prior
23 to the date of enactment of this Act, for any officer or
24 employee under and in accordance with such section
25 507, as enacted by the Act of June 18, 1956 (70 Stat.

1 291; Public Law 594, Eighty-fourth Congress), and
2 (B) the right of such officer or employee to receive
3 for any period, under and in accordance with such sec-
4 tion 507 as so enacted, the payment of such basic com-
5 pensation so determined; and

6 (2) shall not be construed to deprive any officer
7 or employee of any benefit, under and in accordance with
8 such section 507 as so enacted, to which he was entitled
9 prior to the date of enactment of this Act,
10 except that, in the event of any reduction in grade with
11 respect to such officer or employee which occurs on or
12 after the date of enactment of this Act, such rate of basic
13 compensation, and any benefit to which he may be entitled
14 with respect to such reduction in grade, shall be determined
15 in accordance with such section 507, as amended by the
16 first section of this Act.

17 SEC. 3. For the purpose of determining the amount of
18 insurance for which an individual is eligible under the Fed-
19 eral Employees' Group Life Insurance Act of 1954 (5
20 U. S. C. 2091-2103), all changes in rates of basic compen-
21 sation by reason of the operation of section 507 of the Classi-
22 fication Act of 1949, as enacted by the Act of June 18,
23 1956 (70 Stat. 291; Public Law 594, Eighty-fourth Con-
24 gress), or as amended by the first section of this Act, which-
25 ever is applicable, shall be held and considered to be effec-

1 tive as of the first day of the first pay period following the
2 pay period in which the payroll change is approved with
3 respect to such individual.

Passed the House of Representatives August 4, 1958.

Attest:

RALPH R. ROBERTS,

Clerk.

AN ACT

To clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions.

August 5, 1958

Read twice and referred to the Committee on Post
Office and Civil Service

Agreed to the conference report on S. 2069, to amend the Mineral Leasing Act to promote the development of coal on the public domain. This bill will now be sent to the President. p. 15164

23. APPROPRIATIONS. Agreed to the conference report on H. R. 13015, the military construction appropriation bill for 1959. This bill will now be sent to the President. pp. 15148-53

24. DESERT-LAND ENTRIES; RECLAMATION. Adopted S. Con. Res. 112 and S. Con. Res. 113, to request the President to return enrolled bills S. 359, to permit desert land entries on disconnected tracts of land up to 320 acres, and S. 4002, to authorize the Grey Reef dam and reservoir as part of the Glendo unit, Missouri River Basin project, to be reenrolled with certain language changes. p. 15130

25. MARGARINE. The Armed Services Committee ordered reported with amendment H. R. 912, to amend the Navy ration statute to permit the serving of oleo-margarine and margarine. pp. D810-11

26. PERSONNEL. The Post Office and Civil Service Committee ordered reported without amendment H. R. 1168, to restore the pay of officers or employees to the level of the grade held before downgrading in certain cases. p. D811

27. FORESTRY. Sen. Clark called attention to forestry expansion in Pa., and inserted two articles on the development of the paper industry there. pp. 15135-6

28. SMALL BUSINESS. Agreed to the conference report on S. 3651, the Small Business Investment Administration bill. This bill will now be sent to the President. pp. 15159-61

Sens. Thye, Sparkman, Mundt, and Bridges discussed passage of the small business tax revision bill, and Sens. Mundt and Bridges commended the efforts of Sen. Thye for small business. pp. 15156-9

29. ECONOMIC SITUATION. Sen. Martin, Pa., asserted that inflation can only be solved by a mechanism to tie wage increases to productivity gains and stated that the addition of price stability as a goal to the Employment Act of 1946 would be of little value in securing confidence in the Government. pp. 15161-2

30. LEGISLATIVE PROGRAM. Sen. Mansfield announced the addition of S. 4146, to provide incentive payments to producers of strategic minerals, and S. 4162, to amend the Defense Production Act to increase the amount of the loan fund, to the list of bills for consideration on Fri., Aug. 8. He stated there would be no session on Sat., Aug. 9. A call of the Calendar was ordered for Mon., Aug. 11. pp. 15156, 15166

ITEMS IN APPENDIX

31. TVA. Extension of remarks of Rep. Dooley opposing S. 1869, which would authorize TVA to issue and sell bonds to assist in financing power programs. pp. A7102-3

Extension of remarks of Rep. Byrne opposing this bill, favoring the omnibus rivers and harbors bill and the St. Lawrence seaway. pp. A7104-5

32. FAIR TRADE. Rep. Alger inserted "pertinent" remarks on the proposed fair trade bill made by Robert A. Bicks of the Justice Department's Antitrust Division. pp. A7118-9

Aug 7, 1958

14. REP. HILL. Several Representatives paid tribute to the service of Rep. Hill, ranking minority member of the Agriculture Committee, who is retiring from Congress after this session. pp. 15223-25
15. LEGISLATIVE PROGRAM. At the request of Rep. McCormack unanimous consent was granted for consideration of bills under suspension of the rules Mon., Aug. 11. Rep. McCormack announced that "as far as the House is concerned, we could clean up our business pretty much in the next 10 days, the next week, probably but the next 10 days, anyway." He also announced that the private calendar will be called Wed., Aug. 13. p. 15169

SENATE

16. FARM PROGRAM. Sen. Stennis stated that defeat of the farm bill in the House might have an adverse effect on cotton, and urged that those concerned meet with Secretary Benson in an effort to reach some agreement. Sen. Aiken agreed and said he would favor calling Congress back into special session on the cotton problem if legislation were not agreed to before adjournment. pp. 15137-8
- Sens. Proxmire and Humphrey criticized Secretary Benson for the present farm program and asserted that it was hurting the farmer while "wasting the taxpayers' money" due to alleged inefficiencies in operating the program. pp. 15143-5
- Sen. Proxmire analyzed the bills he has introduced in this session and asserted that, if enacted, they would result in \$700 million net savings, including \$1 billion from adoption of S. 2952, his general farm bill. pp. 15139-43
17. ONION FUTURES. Agreed to the conference report on H. R. 376, to prohibit trading in onion futures. The report reduces the maximum penalty for violation from \$10,000 fine plus imprisonment to \$5,000, and retains onions under the jurisdiction of CEA. p. 15133
18. FARMER COMMITTEES. Began debate on S. 1436, to amend the Soil Conservation and Domestic Allotment Act to revise the procedures governing the election of farmer committeemen and the administration of the farm program by the committees. Sens. Proxmire and Humphrey urged enactment of the bill in order to strengthen local controls over farm programs. pp. 15161, 15164-6
19. SEED WHEAT. Passed without amendment H. R. 11581, to remove wheat for seeding purposes which has been treated with poisonous substances from the unfit for human consumption category of Sec. 22 of the Agricultural Adjustment Act of 1933. S. 666, a similar bill, was indefinitely postponed. This bill will now be sent to the President. pp. 15133, 15153
20. SURPLUS COMMODITIES; FOREIGN TRADE. Passed without amendment H. R. 13268, to authorize CCC to purchase flour and cornmeal for donation instead of being limited to having such products processed from its own stocks. S. 3858, a similar bill, was indefinitely postponed. The House report was printed in the Record (pp. 15153-5). This bill will now be sent to the President. p. 15155
21. WOOL. Sens. Mansfield and Neuberger urged extension of the National Wool Act. pp. 15163-4
22. MINERALS. Agreed to the House amendment to S. 3817, to encourage exploration for minerals in the U. S. This bill will now be sent to the President. p. 15139

Senate

Aug 11, 1958

14. PURCHASING. At the request of Sen. Talmadge, passed over S. 3224, to assist small business firms to obtain a fair share of Government purchases and contracts and to expedite Government procurement. p. 15417
15. FOREIGN AID. At the request of Sens. Clark and Barrett, passed over H. R. 13192, the mutual security appropriation bill for 1959. p. 15418
Sen. Humphrey urged the importance of foreign aid in U. S. competition with Russia, and pointed to the growth of the Russian economy and their expanding foreign aid program as attracting the attention of under-developed countries toward Communism. Sen. Javits concurred in urging that the full authorized amount (\$825 million) be appropriated for the Development Loan Fund. pp. 15456-9
16. FEDERAL-STATE RELATIONS. At the request of Sen. Barrett, passed over S. 337, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws. p. 15421
17. FARM LABOR. Passed without amendment S. 4232, to extend the Mexican Farm Labor Program for one year, to June 30, 1960. p. 15414
18. HALL OF FAME. Agreed to without amendment H. Con. Res. 295, expressing the intent of Congress in favor of the establishment of a Hall of Fame for Agriculture. pp. 15414-15
19. IMPORTS. At the request of Sen. Barrett, passed over S. 2142, to amend the Agricultural Marketing Agreement Act so as to extend restrictions on the importation of certain citrus fruits and figs. p. 15415
20. FORESTRY. Passed as reported S. 4053, to extend the boundaries of the Siskiyou National Forest, Ore., and to define the rights with respect to mining locations and patents on lands to which the boundaries are extended. p. 15413
Passed without amendment H. R. 6542, to authorize the conveyance of certain Forest Service lands to Dayton, Wyo. Sen. Morse inserted a memorandum referring to a previous bill as a precedent for such conveyance. This bill will now be sent to the President. p. 15416
21. LANDS. Passed as reported H. R. 4635, to provide for the settlement and entry of public lands in Alaska containing coal, oil, or gas under Sec. 10 of the act of May 14, 1898. p. 15410
Passed without amendment H. R. 11800, to authorize the Secretary to sell certain ARS lands and buildings to Clifton, N. J. Sen. Morse inserted a memorandum stating that "the bill does not violate the Morse formula." This bill will now be sent to the President. p. 15416
22. PERSONNEL. The Post Office and Civil Service Committee reported without amendment H. R. 1168, to restore the pay of officers or employees to the grade level held before downgrading in certain cases (S. Rept. 2314). p. 15391
Passed as reported H. R. 11133, to amend the Administrative Expenses Act so as to provide for the payment of travel costs for certain Federal personnel appointments to areas in which the CSC has determined there is a manpower shortage. p. 15414
23. ECONOMIC SITUATION. Sen. Bush inserted two articles discussing the current economic situation. pp. 15401-02

ITEMS IN APPENDIX

24. PUBLIC DEBT. Rep. Budge inserted an article, "Why the National Debt is Giving Treasury Secretary Lots of Worry." pp. A7175-6
Rep. Pelly inserted an article, "More Shrinkage in Your Dollar," and stated that it "explains in simple terms and at least in part why 108 House Members including myself voted against raising the debt limit." pp. A7192-3
25. FORESTS. Extension of remarks of Rep. Porter stating that "Federal timber sales policies and programs are of vital concern to forest products industries, and inserting an Ill. Valley Chamber of Commerce petition which "complains that the Forest Service has not put up timber on the schedule promised." pp. A7190-1
26. INFORMATION. Rep. Davis, Ga., inserted a resolution urging the Congress to enact legislation to designate the rose as our national flower. pp. A7193-4

BILLS INTRODUCED

27. COTTON. H. J. Res. 679, by Rep. Ashmore, providing minimum national acreage allotments for upland cotton for 1959; to Agriculture Committee.

PRINTED HEARINGS RECEIVED BY THIS OFFICE

28. APPROPRIATIONS. H. R. 13192, mutual security appropriations for 1959. S. Appropriations Committee.
29. FOREIGN AID. Part 1, foreign aid construction projects; part 2, field survey of construction projects and other foreign aid operations. H. Government Operations Committee.
30. CONTRACTS. Proposed extension of the Renegotiation Act of 1951 for 2 years. H. Ways and Means Committee.
31. ANIMAL DISEASES. H. R. 12126, prohibition against wild-animal imports from infected areas. S. Agriculture and Forestry Committee.
32. RESEARCH. Development of the saline water conversion program. H. Government Operations Committee.
33. CIVIL DEFENSE; DEFENSE MOBILIZATION. Providing new arrangements for the conduct of Federal defense mobilization and civil defense functions. H. Government Operations Committee.
34. ECONOMIC REPORT. S. Res. 321, on advisability of issuing by Aug. 1, 1958, a report as of June 30, 1958, supplementing the President's annual economic report. S. Banking and Currency Committee.
35. WATER POLLUTION. H. R. 11714, to amend the Federal Water Pollution Control Act to increase limitations on grants for construction. H. Public Works Committee.
36. PUBLIC DEBT. H. R. 13580 and 13581, to increase the public-debt limit. H. Ways and Means Committee.
37. DEFENSE PRODUCTION. S. 4162, to amend Defense Production Act re CCC financing, etc. S. Banking and Currency Committee.

CLARIFICATION OF DOWNGRADING PROVISIONS

AUGUST 11, 1958.—Ordered to be printed

Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service, submitted the following

REPORT

[To accompany H. R. 1168]

The Committee on Post Office and Civil Service, to whom was referred the bill (H. R. 1168) to clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

STATEMENT

The purpose of this measure, as indicated by the title, is to clarify the application of section 507 of the Classification Act of 1949, as amended, with respect to the preservation of the rates of basic compensation of certain officers or employees whose positions are downgraded through no fault of theirs.

The purpose of the measure is to remove inequities that have been found to exist in a limited number of instances wherein employees' positions are reduced in grade through no fault of theirs, but who, because of the restrictive language of the law, have been denied the protection and benefits intended to be provided under the law.

The law has been interpreted as applying only to employees reduced in grade without a change in duties, whereas other employees having equal claims in equity have been denied protection because of a change in duties even of an immaterial nature.

This measure broadens eligibility to include such employees, thus eliminating distinctions having no fair or valid basis.

AGENCY VIEWS

Enactment of this measure has been recommended by the Civil Service Commission and the Bureau of the Budget.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman).

SECTION 507 OF THE CLASSIFICATION ACT OF 1949, AS AMENDED

[SEC. 507. (a) Each officer or employee subject to this Act—

[(1) who holds, on or after the date of enactment of this section, under a career-conditional or career appointment in the competitive civil service, a position (A) which is in any grade of a basic compensation schedule of this Act (other than grade 16, 17, or 18 of the General Schedule) and (B) which is placed, on or after such date of enactment, while such officer or employee holds such position, in a lower grade of such schedule under any reclassification of such position pursuant to this Act;

[(2) who has held such position for a continuous period of not less than two years ending immediately prior to the date of such reclassification; and

[(3) whose performance of the work of such position at all times during such period is satisfactory or better than satisfactory;

shall continue to receive basic compensation at the rate to which he was entitled immediately prior to such reclassification of his position (including any increases in such rate of basic compensation provided by law at any time while such officer or employee is in such position) until (i) he leaves such position or (ii) he is entitled to receive basic compensation at a higher rate by reason of the operation of this Act; but, whenever such position becomes vacant, the rate of basic compensation of any individual subsequently appointed to such position shall be fixed in accordance with this Act.

[(b) Each officer or employee subject to this Act—

[(1) who, during the period beginning on July 1, 1954, and ending immediately prior to the date of enactment of this section continuously held a position (A) which was in any grade of a basic compensation schedule of this Act (other than grade 16, 17, or 18 of the General Schedule) and (B) which was placed, at any time during such period, in a lower grade of such schedule under one or more reclassifications of such position pursuant to this Act;

[(2) who holds such position on the date of enactment of this section;

[(3) who has held such position for a continuous period of not less than two years ending immediately prior to the date of enactment of this section; and

[(4) whose performance of the work of such position at all times during such period of two years specified in paragraph (3) of this subsection and also on the date of enactment of this section was satisfactory or better than satisfactory,

shall be granted, effective as of the first day of the first pay period which begins after the date of enactment of this section (if he continues to hold such position on such first day of such first pay period), the rate

of basic compensation to which he was entitled immediately prior to such reclassification of his position (or, in the case of more than one reclassification of such position, the date of the first of any such reclassifications), including any increases in such rate of basic compensation provided by law at any time while such officer or employee is in such position, until (i) he leaves such position or (ii) he is entitled to receive basic compensation at a higher rate by reason of the operation of this Act; but, whenever such position becomes vacant, the rate of basic compensation of any individual subsequently appointed to such position shall be fixed in accordance with this Act. No officer or employee shall be entitled by reason of this subsection to basic compensation for any period prior to the first day of the first pay period which begins after the date of enactment of this section.】

Sec. 507. (a) Subject to the limitation contained in subsection (c) of this section, each officer or employee subject to this Act—

(1) who at any time after June 17, 1956, is or was reduced in grade from any grade of a basic compensation schedule of this Act (other than grade 16, 17, or 18 of the General Schedule);

(2) who, on the effective date of such reduction in grade, holds or held a career or career-conditional appointment in the competitive civil service or an appointment of equivalent tenure in the excepted service;

(3) whose reduction in grade is not or was not caused by a demotion for personal cause, is not or was not at his own request, and is not or was not effected in a reduction in force due to lack of funds or curtailment of work;

(4) who, for two continuous years immediately prior to such reduction in grade, served (A) in the same department and (B) in the same grade or in the same and higher grades; and

(5) whose performance of work at all times during such period of two years is or was satisfactory or better than satisfactory, shall be entitled, as of the effective date of such reduction in grade or as of the first day of the first pay period which begins after the date of enactment of this amendment, whichever is later, unless or until he is entitled to receive basic compensation at a higher rate by reason of the operation of this Act, to receive the rate of basic compensation to which he was entitled immediately prior to such reduction in grade so long as he continues in the same department without any break in service of one workday or more and is not demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work.

(b) Subject to the limitations contained in subsection (c) of this section, each officer or employee subject to this Act—

(1) who, during the period beginning July 1, 1954, and ending June 17, 1956, was reduced in grade from any grade of a basic compensation schedule of this Act (other than grade 16, 17, or 18 of the General Schedule);

(2) whose reduction in grade was not caused by a demotion for personal cause, was not at his own request, and was not effected in a reduction in force due to lack of funds or curtailment of work;

(3) who, for two continuous years immediately prior to such reduction in grade, served (A) in the same department and (B) in the same grade or in the same and higher grades;

(4) whose performance of work at all times during such period of two years was satisfactory or better than satisfactory; and

(5) whose employment in the same department has been continuous since such reduction in grade and who, since such reduction in grade, has not been demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work,

shall be entitled, as of the first day of the first pay period which begins after the date of enactment of this amendment, unless or until he is entitled to receive basic compensation at a higher rate by reason of the operation of this Act, to receive the rate of basic compensation to which he was entitled immediately prior to such reduction in grade so long as he continues in the same department without any break in service of one workday or more and is not demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work.

(c) The rate of basic compensation to which such officer or employee is entitled under subsection (a) or (b) of this section with respect to each reduction in grade to which this section applies shall not exceed the sum of (1) the minimum scheduled rate of the grade to which he is reduced under each such reduction in grade occurring on or after July 1, 1954, and (2) the difference between his rate immediately prior to the first of such reductions in grade occurring on or after July 1, 1954, and the minimum scheduled rate of that grade which is three grades lower than the grade from which he was reduced under the first of such reductions in grade.

(d) The Civil Service Commission is authorized to issue regulations to carry out the purposes of this section.



Calendar No. 2366

85TH CONGRESS
2D SESSION

H. R. 1168

[Report No. 2314]

IN THE SENATE OF THE UNITED STATES

AUGUST 5, 1958

Read twice and referred to the Committee on Post Office and Civil Service

AUGUST 11, 1958

Reported by Mr. JOHNSTON of South Carolina, without amendment

AN ACT

To classify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 507 of the Classification Act of 1949, as
4 amended (70 Stat. 291; Public Law 594, Eighty-fourth
5 Congress), is amended to read as follows:

6 “SEC. 507. (a) Subject to the limitation contained in
7 subsection (c) of this section, each officer or employee sub-
8 ject to this Act—

9 “(1) who at any time after June 17, 1956, is or

1 was reduced in grade from any grade of a basic com-
2 pensation schedule of this Act (other than grade 16, 17,
3 or 18 of the General Schedule) ;

4 “(2) who, on the effective date of such reduction
5 in grade, holds or held a career or career-conditional
6 appointment in the competitive civil service or an ap-
7 pointment of equivalent tenure in the excepted service
8 or holds or held a position outside the competitive civil
9 service and the excepted service as an officer or employee
10 of the Library of Congress, of the Architect of the Capi-
11 tol, of the Botanic Gardens, or the municipal govern-
12 ment of the District of Columbia;

13 “(3) whose reduction in grade is not or was not
14 caused by a demotion for personal cause, is not or was
15 not at his own request, and is not or was not effected in
16 a reduction in force due to lack of funds or curtailment
17 of work;

18 “(4) who, for two continuous years immediately
19 prior to such reduction in grade, served (A) in the
20 same department and (B) in the same grade or in the
21 same and higher grades; and

22 “(5) whose performance of work at all times dur-
23 ing such period of two years is or was satisfactory or
24 better than satisfactory,

1 shall be entitled, as of the effective date of such reduction in
2 grade or as of the first day of the first pay period which
3 begins after the date of enactment of this amendment, which-
4 ever is later, unless or until he is entitled to receive basic
5 compensation at a higher rate by reason of the operation of
6 this Act, or until the expiration of a period of two years
7 immediately following the effective date of such reduction
8 in grade or immediately following the first day of such first
9 pay period, as applicable, to receive the rate of basic com-
10 pensation to which he was entitled immediately prior to
11 such reduction in grade so long as he continues in the same
12 department without any break in service of one workday
13 or more and is not demoted or reassigned for personal cause,
14 at his own request, or in a reduction in force due to lack of
15 funds or curtailment of work.

16 “(b) Subject to the limitation contained in subsection
17 (c) of this section, each officer or employee subject to this
18 Act—

19 “(1) who, during the period beginning July 1,
20 1954, and ending June 17, 1956, was reduced in grade
21 from any grade of a basic compensation schedule of this
22 Act (other than grade 16, 17, or 18 of the General
23 Schedule) ;

24 “(2) whose reduction in grade was not caused by

1 a demotion for personal cause, was not at his own re-
2 quest, and was not effected in a reduction in force due
3 to lack of funds or curtailment of work;

4 “(3) who, for two continuous years immediately
5 prior to such reduction in grade, served (A) in the same
6 department and (B) in the same grade or in the same
7 and higher grades;

8 “(4) whose performance of work at all times during
9 such period of two years was satisfactory or better than
10 satisfactory; and

11 “(5) whose employment in the same department
12 has been continuous since such reduction in grade and
13 who, since such reduction in grade, has not been de-
14 moted or reassigned for personal cause, at his own
15 request, or in a reduction in force due to lack of funds or
16 curtailment of work,

17 shall be entitled, as of the first day of the first pay period
18 which begins after the date of enactment of this amendment,
19 unless or until he is entitled to receive basic compensation at
20 a higher rate by reason of the operation of this Act, or
21 until the expiration of a period of two years immediately
22 following the first day of such first pay period, as applicable,
23 to receive the rate of basic compensation to which he was
24 entitled immediately prior to such reduction in grade so long
25 as he continues in the same department without any break

1 in service of one workday or more and is not demoted or
2 reassigned for personal cause, at his own request, or in a
3 reduction in force due to lack of funds or curtailment of work.

4 “(c) The rate of basic compensation to which such
5 officer or employee is entitled under subsection (a) or (b)
6 of this section with respect to each reduction in grade to
7 which this section applies shall not exceed the sum of (1)
8 the minimum scheduled rate of the grade to which he is
9 reduced under each such reduction in grade occurring on or
10 after July 1, 1954, and (2) the difference between his
11 rate immediately prior to the first of such reductions in grade
12 occurring on or after July 1, 1954, and the minimum sched-
13 uled rate of that grade which is three grades lower than the
14 grade from which he was reduced under the first of such
15 reductions in grade.

16 “(d) The Civil Service Commission is authorized to
17 issue regulations to carry out the purposes of this section.”

18 SEC. 2. The amendment made by the first section of
19 this Act to section 507 of the Classification Act of 1949, as
20 amended—

21 (1) shall not be construed to affect (A) the saved
22 rate of basic compensation determined, at any time prior
23 to the date of enactment of this Act, for any officer or
24 employee under and in accordance with such section
25 507, as enacted by the Act of June 18, 1956 (70 Stat.

1 291; Public Law 594, Eighty-fourth Congress), and
2 (B) the right of such officer or employee to receive
3 for any period, under and in accordance with such sec-
4 tion 507 as so enacted, the payment of such basic com-
5 pensation so determined; and

6 (2) shall not be construed to deprive any officer
7 or employee of any benefit, under and in accordance with
8 such section 507 as so enacted, to which he was entitled
9 prior to the date of enactment of this Act,
10 except that, in the event of any reduction in grade with
11 respect to such officer or employee which occurs on or
12 after the date of enactment of this Act, such rate of basic
13 compensation, and any benefit to which he may be entitled
14 with respect to such reduction in grade, shall be determined
15 in accordance with such section 507, as amended by the
16 first section of this Act.

17 SEC. 3. For the purpose of determining the amount of
18 insurance for which an individual is eligible under the Fed-
19 eral Employees' Group Life Insurance Act of 1954 (5
20 U. S. C. 2091-2103), all changes in rates of basic compen-
21 sation by reason of the operation of section 507 of the Classi-
22 fication Act of 1949, as enacted by the Act of June 18,
23 1956 (70 Stat. 291; Public Law 594, Eighty-fourth Con-
24 gress), or as amended by the first section of this Act, which-
25 ever is applicable, shall be held and considered to be effec-

1 tive as of the first day of the first pay period following the
2 pay period in which the payroll change is approved with
3 respect to such individual.

Passed the House of Representatives August 4, 1958.

Attest:

RALPH R. ROBERTS,

Clerk.

MACTA
H R 1183

AN ACT

To clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions.

AUGUST 5, 1958

Read twice and referred to the Committee on Post Office and Civil Service

AUGUST 11, 1958

Reported without amendment

Aug 14, 1958

SENATE

11. SUPPLEMENTAL APPROPRIATION BILL, 1959. Began debate on this bill, H. R. 13450 (pp. 16141, 16142, 16154, 16173, 16229-51, 16259). Rejected an amendment by Sen. Sparkman, 31 to 47, which would have appropriated \$75,000 for farm housing research by land-grant colleges (pp. 16233-38).

Attached is a table reflecting the actions of the Appropriations Committee in reporting the bill, and excerpts from the Committee report, as they affect this Department. The Committee also made various other changes including the following:

Increased from \$2,750,000 to \$2,850,000 the item for administration of the Ryukyu Islands, Under the Army Department, with an authorization for the President to transfer any of this work to other departments. Added an item of \$5,100,000 for purchase of foreign currencies (pursuant to Public Law 480) for disseminating scientific and technological information and supporting scientific activities overseas (at the discretion of the President), to remain available until expended. Added an item of \$2,915,000 for Office of Defense and Civilian Mobilization.

12. ADMINISTRATIVE ORDERS. Passed without amendment H. R. 6788, to authorize the abbreviation of the record on the review or enforcement of orders of administrative agencies by the courts of appeals and the review or enforcement of such orders on the original papers and to make uniform the laws relating thereto. This bill will now be sent to the President. p. 16175

13. FARM LABOR. Passed without amendment S. 4232, to extend the Mexican farm labor program for 1 year, to June 30, 1960. p. 16176

14. PURCHASING. Passed with amendments S. 3224, to assist small business firms to obtain a fair share of Government purchases and contracts and to expedite Government procurement. pp. 16176-7

15. VIRGIN ISLANDS. Passed as reported H. R. 12226, to extend until June 30, 1969, the charter of the Virgin Islands Corporation, including new authority to operate salt water distillation facilities and continuation of authority for sugar production. p. 16183

16. HUMANE SLAUGHTER. Sen. Purtell inserted the letter he and Sens. Humphrey and Neuberger sent to the President urging him to sign the humane slaughter bill. p. 16202

Sen. Humphrey commended Christian P. Norgord, former Washington representative of the American Humane Ass'n, for his work on behalf of humane slaughter legislation. p. 16258

17. RESEARCH. The Labor and Public Welfare Committee reported with amendment S. 3268, to provide various amendments to the National Science Foundation Act (S. Rept. 2367). p. 16127

18. SOCIAL SECURITY. The Finance Committee reported with amendment H. R. 13549, to increase the annuities under the Social Security Act (S. Rept. 2388). p. 16127

19. ELECTRIFICATION. The Public Works Committee reported without amendment S. 3571, to provide for equal treatment of all State-owned hydroelectric power projects with respect to the taking over of such projects by the U. S. (S. Rept. 2377). p. 16127

Sen. Murray urged additional funds for construction of the Yellowtail Dam of the Missouri River Basin to provide additional electric power. pp. 16169-70

20. FORESTRY. Agreed to the conference report on S. 3051, to amend the act terminating Federal supervision over the Klamath Indian Tribe by providing alternatives for private or Federal acquisition of the part of the tribal forest that must be sold. This bill will now be sent to the President. pp. 16203-07
Sen. Morse inserted correspondence with the Small Business Administration and lumber organizations discussing a small business set-aside program for timber. pp. 16252-54
21. PERSONNEL. Passed without amendment H. R. 1168, to restore the pay of officers or employees to the grade level held before downgrading in certain cases. This bill will now be sent to the President. p. 16188
The Joint Committee on Reduction of Nonessential Federal Expenditures submitted a report on Federal employment and pay for June 1958. pp. 16128-31
22. RECLAMATION. In compliance with the resolution passed by both Houses the President returned enrolled bill S. 4002, to authorize the Gray Reef Dam and Reservoir of the Glendo unit, Missouri River Basin project. p. 16124
23. NOMINATIONS. The Post Office and Civil Service Committee ordered reported the nomination of Barbara Bates Gunderson to be a Civil Service Commissioner. p. D851
Confirmed the nomination of Bertha S. Adkins to be Under Secretary of the Department of Health, Education, and Welfare. p. 16126
24. WATER RESOURCES. Sen. Johnson stated that Texas needed a comprehensive plan for development of its water resources and announced that he planned to call up his bill S. 4266, to provide for a Federal study commission of Texas river basins, at an early date. pp. 16166, 16170
25. MILITARY CONSTRUCTION. Passed with amendments H. R. 13489, the military construction appropriation bill for 1959. Senate conferees were appointed. House conferees have not been appointed. pp. 16170, 16171-3
26. LEGISLATIVE PROGRAM. Sen. Johnson announced that he expected the Senate would consider the social security bill today, Aug. 15. p. 16170

ITEMS IN APPENDIX

27. FARM PROGRAM. Extension of remarks of Rep. Gubser citing the British decision to establish commercial import quotas instead of relying on aid shipments for fruits as an example of the results achieved by Secretary Benson's use of market development instead of subsidization. p. A7279
Rep. Whitener inserted an editorial urging passage of farm legislation to allow higher acreage allotments for cotton and rice farmers. p. A7301
Sen. Langer inserted a Farmers' Union-GTA broadcast opposing passage of any farm legislation lowering price supports. pp. A7317-18
Sen. Yarborough inserted an article urging passage of the farm bill to maintain cotton acreage allotments. p. A7325
28. SURPLUS FOOD. Sen. Bridges inserted an editorial opposing shipment of food abroad and urging that surpluses be stored in the U. S. for civil defense purposes. p. A7260
29. MEXICAN FARM LABOR. Rep. Hosmer inserted an article commending the operation of the Mexican Farm Labor program in reducing the number of illegal transients across the U. S.-Mexico border. pp. A7334-5

move the adoption of these amendments, en bloc.

The PRESIDING OFFICER. The amendments will be stated for the information of the Senate.

The LEGISLATIVE CLERK. Immediately following section 6 in the bill it is proposed to insert a new section 7 as follows:

SEC. 7. Nothing contained in this act shall be construed in any way to limit or alter the jurisdiction heretofore conferred upon the United States Court of Customs and Patent Appeals by any provision of law.

Renumber the succeeding section.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Georgia, en bloc.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

AMENDMENT OF SECTION 223 OF THE VETERANS' READJUSTMENT ASSISTANCE ACT OF 1952

The Senate proceeded to consider the bill (S. 4031) to amend section 223 of the Veterans' Readjustment Assistance Act of 1952, as amended, relating to change of educational or training program by an eligible veteran, which had been reported from the Committee on Labor and Public Welfare, with an amendment, on page 1, line 8, after the word "one", to strike out "objective or level of education or training to the pursuit of a higher objective or level of education or training in the same field of study or training" and insert "program to pursuit of another where the first program is prerequisite to, or generally required for, entrance into pursuit of the second", so as to make the bill read:

Be it enacted, etc., That section 223 of the Veterans' Readjustment Assistance Act of 1952, as amended, is amended by adding at the end thereof the following new subsection:

"(c) As used in this section the term 'change of program of education or training' shall not be deemed to include a change from the pursuit of one program to pursuit of another where the first program is prerequisite to, or generally required for, entrance into pursuit of the second."

The amendment was agreed to.

Mr. THURMOND. Mr. President, the bill, S. 4031, corrects a highly undesirable situation which sometimes occurs under the change of program provisions of the Korean GI bill.

An example of the situation arises when a veteran selects as his initial program objective the attainment of a bachelor's degree. If upon completion of the work for a bachelor's degree he desires to obtain a master's degree, he may do so, but the change to the higher objective is considered a change of program. If the veteran then desires to seek a doctor's degree, he cannot do so and receive educational benefits because he has a right to only one "change of program" under the GI bill, and that right was exhausted in obtaining his master's degree. Yet, if the veteran

had initially specified the doctorate degree as his program objective, the process of obtaining all necessary lesser degrees would not have involved even one change of program.

Though the limitation to one change of program is essential to prevent abuse of the program, the incongruity which I have described should not go uncorrected. The Veterans' Administration agrees that the situation should be corrected and recommends enactment of this bill.

The bill (S. 4031) was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF WAR ORPHANS' EDUCATIONAL ASSISTANCE ACT OF 1956

The Senate proceeded to consider the bill (H. R. 13559) to amend the War Orphans' Educational Assistance Act of 1956, to authorize the enrollment of a handicapped eligible person in a specialized course of vocational training, which had been reported from the Committee on Labor and Public Welfare with amendments, on page 1, after line 4, to insert:

(1) redesignating clauses (2) and (3) of subsection (a) of section 203 of such act as clauses (3) and (4), respectively; and by inserting after clause (1) a new clause (2) as follows:

"(2) if he has a mental or physical handicap, and the Administrator determines that his best interests will be served by pursuing a program of special restorative training under title IV, or a specialized course of vocational training under title III, such period may begin before his 18th birthday, but not before his 14th birthday;"

On page 2, at the beginning of line 6, to strike out "(1)" and insert "(2)", and, at the beginning of line 12, to strike out "(2)" and insert "(3)."

The amendments were agreed to.

Mr. THURMOND. Mr. President, the experience of the Veterans' Administration in administering the War Orphans Educational Assistance Act of 1956 has shown that a limited number of eligible war orphans are mentally or physically handicapped in respects which cause them to learn very slowly and to have difficulty in proceeding beyond the sixth-grade level in school. Despite their handicaps, many of these young people have the capacity to be taught work habits and vocational skills which will make them employable and self-supporting in adult life. Yet, under existing law, these young people are not able to develop their capacities by means of educational benefits under the War Orphans Act, because the Veterans' Administration presently lacks authority to approve the specialized vocational training courses which they need.

The experience of the Veterans' Administration has also known, Mr. President, that the present basic age requirements under the War Orphans Act, 18 to 23 years, have little realistic application with respect to special restorative training. The fact is that the seriously handicapped child with a handicap of the type which would be eliminated or

decreased by restorative training, can be helped most during adolescence and not after age 18, an age just short of maturity. By age 18, children with severe handicaps dating from birth will have become so seriously handicapped as to make corrective measures hopeless in many instances. Forceful evidence to support these views is found in the fact that from the inception of the War Orphans Act in 1956, until the present, only four eligible war orphans have utilized their special restorative training rights. Obviously, considerably more than that number may reasonably be assumed to have need of such training.

Mr. President, the bill H. R. 13559, as reported by the Senate Committee on Labor and Public Welfare corrects both of the problems which I have described. The bill corrects the problems by—

First. Authorizing the Administrator of Veterans' Affairs to approve specialized courses of vocational training for persons eligible for educational assistance under the War Orphans Educational Assistance Act of 1956, where such courses are found to be suitable to the needs of particular war orphans; and

Second. Permitting such specialized vocational training, and also restorative training, to be afforded eligible war orphans at age 14, instead of at age 18, as provided by existing law.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 13559) was read the third time and passed.

The title was amended, so as to read: "An act to amend the War Orphans' Educational Assistance Act of 1956 to permit the Administrator of Veterans' Affairs to make payments with respect to special restorative training, or specialized courses of vocational training, for younger persons than those with respect to whom the Administrator may now make such payments, and for other purposes."

PROVISIONS FOR RETIRED PAY TO RETIRED OFFICERS

The Senate proceeded to consider the bill (H. R. 9673) to amend title 10, United States Code, to provide the conditions under which retired pay may be paid in the case of retired officers dropped from the rolls, and for other purposes, which had been reported from the Committee on Armed Services, with an amendment, to strike out all after the enacting clause and insert:

That notwithstanding any other provisions of law, a former retired officer, dropped from the rolls under section 10 of the act of May 5, 1950, chapter 169 (64 Stat. 146), or section 1161 of title 10, United States Code, after December 31, 1954, and before the date of enactment of this act, shall, for the purposes of entitlement to retired or retirement pay after the date of enactment of this act, be treated as if he had not been dropped from

the rolls. Such an officer is also entitled to retroactive retired or retirement pay for the period beginning on the date he was dropped from the rolls and ending on the date of enactment of this act, as if he had not been dropped from the rolls.

Sec. 2. A former retired officer covered by this act is subject to the penal, prohibitory, and restrictive provisions of law applicable to the pay and civil employment of retired officers of the Armed Forces and is not entitled to any other benefit provided by law or regulation for retired officers of the Armed Forces. After the date of enactment of this act, such a former retired officer may, in the discretion of the President, have his entitlement to retired or retirement pay under this act terminated for any reason for which any retired officer may be dismissed from, or dropped from the rolls of any Armed Force.

Sec. 3. Appropriations available for the payment of retired pay to members of the Armed Forces are available for payments under this act.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended, so as to read: "An act to restore retired pay to those retired officers of the Armed Forces dropped from the rolls after December 31, 1954, and before the date of enactment of this act, and for other purposes."

REVIEW OF MINIMUM WAGE RATES, PUERTO RICO AND VIRGIN ISLANDS

The bill (H. R. 12967) to amend the Fair Labor Standards Act of 1938 with respect to the frequency of review of minimum wage rates established for Puerto Rico and the Virgin Islands was considered, ordered to a third reading, read the third time, and passed.

PRESERVATION OF RATES OF BASIC COMPENSATION OF EMPLOYEES IN CASES OF DOWNGRADING ACTIONS

The bill (H. R. 1168) to clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions was considered, ordered to a third reading, read the third time, and passed.

ESTABLISHMENT OF POSTAL STATIONS AND BRANCH POST OFFICES

The Senate proceeded to consider the bill (H. R. 10495) to amend that part of the act of June 9, 1896 (20 Stat. 313), relating to the establishment of postal stations and branch post offices, so as to permit them to be established within 10 miles of the boundary of the adjoining city, which had been reported from the Committee on Post Office and Civil Service, with an amendment on page 1, after line 7, to insert a new section, as follows:

Sec. 2. Section 215 of the Postal Rate Increase Act, 1958, is amended by striking out "205 (5)," in subsection (b) and by adding

at the end of such section a new subsection as follows:

"(g) The provisions of section 205 (5) of this title shall become effective on May 1, 1959."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (S. 4191) to maintain existing minimum postage rates on certain publications mailed in the county of publication was announced as next in order.

Mr. HRUSKA. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

LONGEVITY CREDIT FOR SERVICE PERFORMED IN THE PANAMA CANAL ZONE POSTAL SERVICE

The bill (H. R. 13404) to amend section 404 (c) (1) of the Postal Field Service Compensation Act of 1955, to grant longevity credit for service performed in the Panama Canal Zone postal service was considered, ordered to a third reading, read the third time, and passed.

GUERDON PLUMLEY

The bill (S. 1801) for the relief of Guerdon Plumley was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Guerdon Plumley, Richmond Hill, N. Y., the sum of \$542.50. Such sum represents the amount of the judgment and costs for which the said Guerdon Plumley was held liable to Abraham Appelbaum in a civil court action in the courts of the State of New York. This civil action arose out of an accident which occurred on April 1, 1951, between an automobile owned by the said Abraham Appelbaum and a United States mail truck driven by the said Guerdon Plumley, a garageman-driver in the New York post office motor vehicles service. Such sum shall be paid only on condition that Guerdon Plumley shall use such sum or so much thereof as is necessary to pay such judgment and costs in full: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

MARIA MICELI

The bill (S. 3950) for the relief of Maria Miceli was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, notwithstanding the provision of section 212 (a) (4) of the Immigration and Nationality Act, Maria Miceli may be granted a visa and be admitted

to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that act: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said act: *Provided further,* That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act.

M. SGT. ROBERT A. ESPE

The Senate proceeded to consider the bill (S. 1248) for the relief of M. Sgt. Robert A. Espe, which had been reported from the Committee on the Judiciary, with an amendment, on page 1, at the beginning of line 7, to strike out "\$15,000" and insert "\$10,500", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Robert A. Espe, master sergeant, United States Air Force, the sum of \$10,500. The payment of such sum shall be in full settlement of all claims of the said Robert A. Espe against the United States on account of the death of his wife, Joyce Merlyn Espe, and his infant son, Victor Robert Espe, on January 26, 1950, while passengers in an Air Force plane which disappeared after leaving Elmendorf Air Base at Anchorage, Alaska: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FRANCESCO RISO

The Senate proceeded to consider the bill (S. 4061) for the relief of Francesco Riso, which had been reported from the Committee on the Judiciary, with an amendment in line 7, after the word "Act", to insert a colon and "*Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said act: *Provided further,* That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act," so as to make the bill read:

Be it enacted, etc., That, notwithstanding the provision of section 212 (a) (4) of the Immigration and Nationality Act, Francesco Riso may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that act: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said act: *Provided further,* That this exemption shall apply only to a ground for exclusion of which the Department of State

Public Law 85-737
85th Congress, H. R. 1168
August 23, 1958

AN ACT

72 Stat. 830.

To clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain officers or employees in cases involving downgrading actions.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 507 of the Classification Act of 1949, as amended (70 Stat. 291; Public Law 594, Eighty-fourth Congress), is amended to read as follows:

"SEC. 507. (a) Subject to the limitation contained in subsection (c) of this section, each officer or employee subject to this Act—

Federal em-
ployees.
Downgrading
actions.
Compensation.
5 USC 1107.

"(1) who at any time after June 17, 1956, is or was reduced in grade from any grade of a basic compensation schedule of this Act (other than grade 16, 17, or 18 of the General Schedule);

"(2) who, on the effective date of such reduction in grade, holds or held a career or career-conditional appointment in the competitive civil service or an appointment of equivalent tenure in the excepted service or holds or held a position outside the competitive civil service and the excepted service as an officer or employee of the Library of Congress, of the Architect of the Capitol, of the Botanic Garden, or of the municipal government of the District of Columbia;

"(3) whose reduction in grade is not or was not caused by a demotion for personal cause, is not or was not at his own request, and is not or was not effected in a reduction in force due to lack of funds or curtailment of work;

"(4) who, for two continuous years immediately prior to such reduction in grade, served (A) in the same department and (B) in the same grade or in the same and higher grades; and

"(5) whose performance of work at all times during such period of two years is or was satisfactory or better than satisfactory, shall be entitled, as of the effective date of such reduction in grade or as of the first day of the first pay period which begins after the date of enactment of this amendment, whichever is later, unless or until he is entitled to receive basic compensation at a higher rate by reason of the operation of this Act, or until the expiration of a period of two years immediately following the effective date of such reduction in grade or immediately following the first day of such first pay period, as applicable, to receive the rate of basic compensation to which he was entitled immediately prior to such reduction in grade so long as he continues in the same department without any break in service of one workday or more and is not demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work.

"(b) Subject to the limitation contained in subsection (c) of this section, each officer or employee subject to this Act—

"(1) who, during the period beginning July 1, 1954, and ending June 17, 1956, was reduced in grade from any grade of a basic compensation schedule of this Act (other than grade 16, 17, or 18 of the General Schedule);

"(2) whose reduction in grade was not caused by a demotion for personal cause, was not at his own request, and was not effected in a reduction in force due to lack of funds or curtailment of work;

"(3) who, for two continuous years immediately prior to such reduction in grade, served (A) in the same department and (B) in the same grade or in the same and higher grades;

"(4) whose performance of work at all times during such period of two years was satisfactory or better than satisfactory; and

"(5) whose employment in the same department has been continuous since such reduction in grade and who, since such reduction in grade, has not been demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work,

shall be entitled, as of the first day of the first pay period which begins after the date of enactment of this amendment, unless or until he is entitled to receive basic compensation at a higher rate by reason of the operation of this Act, or until the expiration of a period of two years immediately following the first day of such first pay period, as applicable, to receive the rate of basic compensation to which he was entitled immediately prior to such reduction in grade so long as he continues in the same department without any break in service of one workday or more and is not demoted or reassigned for personal cause, at his own request, or in a reduction in force due to lack of funds or curtailment of work.

"(c) The rate of basic compensation to which such officer or employee is entitled under subsection (a) or (b) of this section with respect to each reduction in grade to which this section applies shall not exceed the sum of (1) the minimum scheduled rate of the grade to which he is reduced under each such reduction in grade occurring on or after July 1, 1954, and (2) the difference between his rate immediately prior to the first of such reductions in grade occurring on or after July 1, 1954, and the minimum scheduled rate of that grade which is three grades lower than the grade from which he was reduced under the first of such reductions in grade.

"(d) The Civil Service Commission is authorized to issue regulations to carry out the purposes of this section."

SEC. 2. The amendment made by the first section of this Act to section 507 of the Classification Act of 1949, as amended—

(1) shall not be construed to affect (A) the saved rate of basic compensation determined, at any time prior to the date of enactment of this Act, for any officer or employee under and in accordance with such section 507, as enacted by the Act of June 18, 1956 (70 Stat. 291; Public Law 594, Eighty-fourth Congress), and (B) the right of such officer or employee to receive for any period, under and in accordance with such section 507 as so enacted, the payment of such basic compensation so determined; and

(2) shall not be construed to deprive any officer or employee of any benefit, under and in accordance with such section 507 as so enacted, to which he was entitled prior to the date of enactment of this Act,

except that, in the event of any reduction in grade with respect to such officer or employee which occurs on or after the date of enactment of this Act, such rate of basic compensation, and any benefit to which he may be entitled with respect to such reduction in grade, shall be determined in accordance with such section 507, as amended by the first section of this Act.

SEC. 3. For the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954 (5 U. S. C. 2091-2103), all changes in rates of basic compensation by reason of the operation of section 507 of the Classification Act of 1949, as enacted by the Act of June 18, 1956 (70 Stat. 291; Public Law ~~594~~, ~~Eighty-fourth Congress~~), or as amended by the first section of this Act, whichever is applicable, shall be held and considered to be effective as of the first day of the first pay period following the pay period in which the payroll change is approved with respect to such individual.

Group life
insurance.
58 Stat. 736.

5 USC 1107.

72 Stat. 831.
72 Stat. 832.

Approved August 23, 1958.

